

The NATIONAL UNDERWRITER

Life Insurance

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Significant Points

From the Annual Statement for 1940

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The Contingency Reserves *increased* to \$62,048,010.53 for general contingencies, and \$5,083,113, for mortgage loans.

Favorable mortality and economy of management has justified an aggregate dividend allotment of \$33,400,000 for distribution in 1941.

Average net rate of interest earned—3.7%.

Real Estate acquired through foreclosure and unsold—2.8% of admitted assets.

Market value of all bonds, \$30,679,525 greater than admitted asset value.

Operating expenses amounted to 11.8% of gross premiums.

Voluntary terminations—3.2%. *Lowest* since 1918.

Policies in force *increased* to 1,068,549. Assets *increased* to \$1,358,999,648 (both all-time highs).

From the Report of the Executive Committee.

"Since 1897 the Company, in the acceptance of new business, has operated under the "no brokerage" rule. Our business comes from Northwestern agents—men who know the standards and policies of the Company and who take pride in the type of business they submit. 1368 have been agents for over ten years. All general agents of the Company have been Northwestern agents or Home Office employees prior to their appointment as general agents. The faith of the field force in the Company and the enthusiasm with which they have presented its service to the American public accounts in no small degree for the good will and reputation for quality which the Company enjoys."

THE NORTHWESTERN MUTUAL LIFE INSURANCE COMPANY

MILWAUKEE, WISCONSIN

Organized 1857

FRIDAY, MARCH 7, 1941

Progressive Pioneering Proves Its Worth

In Acacia Mutual's 1940 Gains

INSURANCE IN FORCE.....\$422,897,589 -- GAIN Over 1939.....\$12,022,310

ASSETS.....\$ 93,705,433 -- GAIN Over 1939.....\$ 6,994,890

NEW PAID-FOR INSURANCE.....\$ 36,562,040 -- GAIN Over 1939.....\$ 3,332,638

(Secured by efficient and enthusiastic full-time agents with an average annual production of \$102,000—a "Quality" job.)

LAPSE-RATE.....4.84%—lowest in Acacia History

(Less than 5% of Acacia's insurance was lapsed in 1940. An eloquent testimony to the confidence of the policyholders and the intelligent service of Acacia agents.)

Only through the loyal and enthusiastic support of Acacia's field force, Home Office and Branch Office employees and our policyholders could 1940's record have been achieved. For this fine support, the company extends heartiest thanks and congratulations.

A Record of Leadership

The accomplishments of 1940 are only part of a long and well-established record of leadership in progress. As early as 1923, Acacia introduced its revolutionary agent's contract assuring its fieldmen of—a continuous renewal or service fee so long as the premiums are paid on the policy (not limited to the usual nine years)—bonuses for "quality business"—a contributory retirement income plan under which the company matches dollar for dollar the contributions of the agent—ample provisions against death and disability.

In 1926, Acacia Mutual did what everybody said could not be done—reduced its premiums to the low rates of the non-participating stock companies but continued to pay dividends out of the actual earnings of the company. *Acacia Mutual's premiums today are lower than those charged by any mutual company issuing policies wholly on a 3% basis.* The figures shown above are indicative of the progress that Acacia has made under the low premium plan.

Today and Tomorrow

December last Acacia introduced the new Home Office and Branch Office Employees' Protection Plan which brings retirement, disability and life insurance benefits to these good people who have played such a large part in Acacia's growth and development. The plan makes it to the interest of the employees to con-

tinue Acacia's record of growth and protection, and also assures both the field force and policyholders of increasing cooperation and efficiency.

Acacia Mutual looks forward to the future with confidence. The gains of 1940 have supplied added proof that *Progressive Pioneering Pays.*

ACACIA MUTUAL Life Insurance Company

WILLIAM MONTGOMERY, *President*

CHARTERED BY CONGRESS IN 1869

HOME OFFICE WASHINGTON, D. C.

The NATIONAL UNDERWRITER

Forty-fifth Year—No. 10

CHICAGO, CINCINNATI, NEW YORK AND SAN FRANCISCO, FRIDAY, MARCH 7, 1941

\$3.00 Year, 15 Cents a Copy

Exemption of \$40,000 Denied on Combined Life-Annuity Forms

U. S. Supreme Court in Two Cases Rules Estate Tax Is Applicable

WASHINGTON, D. C.—Establishing a new rule for the consideration of insurance under the federal estate tax, the U. S. Supreme Court Monday ruled that single premium combination life and annuity policies taken out by aged persons on a basis which represents little or no risk to the insurance company are not eligible for the \$40,000 exemption.

The court, in opinions delivered by Associate Justice Frank Murphy, disposed of two cases in which the issue was tested by the commissioner of internal revenue after the board of tax appeals reversed his decision to include the proceeds of such policies in the gross estates of the insured.

Chief Justice Charles Evans Hughes, who has a profound knowledge of insurance, and Justice Owen J. Roberts rendered a dissenting opinion.

The decisions are not expected to affect the status under the exemption provision of other life insurance forms not of this special character.

Bought Shortly Before Death

In one case, the decedent, Mrs. Cecile Le Gierse of New York, in 1935, less than a month before her death, and at the age of 80, executed two contracts with the Connecticut General Life, one for an annuity of \$589.80 a year as long as she lived, for a consideration of \$1,179, and the other for a single premium life policy for \$25,000 at a premium of \$22,946, her daughter being named beneficiary.

The commissioner of internal revenue held the proceeds of the life policy were not entitled to exemption, but was reversed by the board of tax appeals, whose decision was affirmed by the second circuit court of appeals.

Reversing the decision of the circuit court, Justice Murphy held the fair import of that section of the revenue law exempting insurance from the estate tax to the amount of \$40,000 "is that the amounts must be received as the result of a transaction which involved an actual 'insurance risk' at the time the transaction was executed."

Finds No Insurance Risk

"We cannot find such an insurance risk in the contracts between decedent and the insurance company," he said.

Holding that the two contracts must be considered together, the opinion pointed out it had been conceded the insurance would not have been issued without the annuity contract. "Considered together," the court commented, "the contracts wholly fail to spell out any element of insurance risk." The

(CONTINUED ON PAGE 11)

Put Finishing Touches on Plans for 3 Days in Wichita

The outline has now been completed for the three days of activity in Wichita, March 27-29, during the mid-year meeting of the National Association of Life Underwriters. On Thursday, March 27, there will be morning and afternoon sessions of the management conference conducted by the Sales Research Bureau. These will be held in the Allis Hotel. In charge will be John M. Holcombe, Jr., manager; B. N. Woodson, director of service; Lewis W. S. Chapman, and J. E. Scholefield of the bureau.

Also during the day, committee meetings will be held as called. On Friday morning there will be a breakfast meeting of the C.L.U. group and the national council will hold morning and afternoon sessions. There will be a number of individual company and agency meetings during the day.

Three Dinner Meetings Scheduled

That evening there are three dinner meetings scheduled, one a dinner and entertainment for the national officers, trustees and members of the national council at the Lassen Hotel. There will be a dinner meeting for the women's division at the Allis Hotel and there will also be a dinner meeting for state association presidents to be in charge of Earl Schaeffer, Fidelity Mutual, Harrisburg, chairman of the committee.

On Saturday, comes the national sales conference. The morning session will be held in the Arcadia Theater. The speakers are James E. Rutherford, general agent Penn Mutual, Seattle, and a national trustee, on "The Steps in the Sale," and John A. Witherspoon, general agent John Hancock, Nashville, National association vice-president, "What Makes Them Buy?" A luncheon meeting will be held in the Forum building with Holgar J. Johnson, president of the Institute of Life Insurance, giving the address.

Wright for Afternoon Session

The speakers at the afternoon session in the Arcadia Theater will be Harry T. Wright, Equitable Society, Chicago, president N.A.L.U.; Gale F. Johnston, Metropolitan Life, St. Louis, national trustee, "Salesmanship, A Profession," and Grant Taggart, California-Western States Life, Cowley, Wyo., national secretary, "Sales Philosophy from the Wide Open Spaces."

The women's activities are in charge of Mrs. Nina Schumacher, Union Central, assisted by Mrs. Steve Nease, New England Mutual, and Miss Maude Beach, Prudential. At the women's dinner Friday evening there will be a well known speaker and round table discussion. Entertainment is being planned for the afternoon, probably to include a tea and motor trip. A reception and ball is planned for the late evening Thursday following the several dinner meetings. Much of this entertainment will also be available for the insurance wives. There will be sizable delegations of women agents from Kansas City, Oklahoma City, Tulsa, St. Louis, Denver, Omaha, Des Moines and closer points.

N. Y. State Results in 1940 Are Listed

Name	Written	In Force 12-31-40
Aetna L. Ord.	18,293,943	\$ 276,853,312
Aetna L. Grp.	58,380,462	249,185,386
Bankers L. Ia.	2,538,429	31,368,666
Berkshire Life	7,050,177	67,922,956
Canada Life	1,466,501	35,605,856
Church L. Ord.	392,100	5,206,771
Church L. Grp.	73,000	311,000
Colonial L. Ord	2,668,102	11,661,452
Colonial L. Ind.	4,335,936	30,858,997
Col. Nat. Ord.	5,418,925	39,992,937
Col. Nat. Grp.	591,915	1,667,800
Col. Nat. Ind.	174	746
Confederat'n L.	125,293	4,844,957
Conn. Gen. Ord.	17,679,798	195,808,175
Conn. Gen. Grp.	15,809,304	76,506,394
Conn. Mutual...	16,145,179	226,616,200
Continen. Amer.	5,731,368	29,026,910
Credit L. Ord.	459,650	229,525
Credit L. Grp.	1,525,462	1,508,221
Eastern Life	3,015,076	14,920,957
Empire State...	1,902,164	5,042,088
Equit. Soc. Ord.	56,208,591	1,292,660,754
Equit. Soc. Grp.	72,220,151	394,506,605
Equitable, Ia.	2,314,886	23,948,927
Express. Mut...	430,222	4,515,821
Farm Bureau...	155,325	624,219
Farm. & Trad.	2,007,910	22,141,356
Fidelity Mut...	3,623,237	52,805,447
Guard, Ord.	16,878,795	184,847,395
Guard, Grp.	426,000	998,290
Guard, Ind.	.....	19,794
Home Life, N.Y.	12,471,611	127,391,444
Imperial, Can.	70,529	3,734,316
John Hancock, Ord.	74,027,009	619,419,494
John Hancock, Grp.	19,150,840	63,129,920
John Hancock, Ind.	55,158,660	419,811,463
Loyal Prot...	55,001	227,642
Lutheran Mut...	268,812	1,324,196
Manhattan	16,847,090	47,523,341
Mass. Mut...	27,057,744	348,512,925
Mass. Prot...	194,233	2,509,907
Metropol. Ord.	189,692,489	2,638,901,151
Metropol. Grp.	146,304,603	692,859,575
Metropol. Ind.	104,847,425	1,326,122,515
Monarch	345,750	3,953,007
Morris Pl. Ord.	146,253	215,253
Morris Pl. Grp.	35,320,941	26,996,843
Mutual Benefit...	18,895,715	333,345,527
Mut. Life, Can.	Report Not Filed	.....
Mut. Life N. Y.	34,377,318	722,564,229
Mutual Trust...	1,403,871	3,776,479
National Life...	9,809,211	91,204,972
New Eng. Mut...	20,364,400	258,271,874
New York Life	71,765,396	1,381,707,762
Nor. Am. Reas.	5,115,100	28,254,600
Northwest Mut.	25,923,768	531,534,016
Old Rep. Credit.	.....	.....
Ord.	1,404,670	269,397
Old Rep. Credit.	.....	.....
Grp.	591,002	679,685
Paul Revere...	411,377	1,279,315
Penn Mutual...	18,466,457	347,613,604
Phoenix Mut...	11,209,701	131,998,552
Postal Life, Ord.	1,789,393	15,381,404
Postal Life, Grp.	12,394	478,996
Postal Nat....	1,697,020	9,105,917
Provident Mut.	12,813,467	140,140,713
Prudential, Ord.	221,518,008	2,196,757,621
Prudential, Grp.	41,794,431	293,125,652
Prudential, Ind.	133,254,547	1,561,918,897
Sec. Mut., N. Y.	8,979,091	44,211,420
State Mut....	7,446,806	110,637,101
National Life...	9,809,211	91,204,972
Teachers Ins.	890,874	12,301,252
Travelers, Ord.	47,896,228	841,796,515
Travelers, Grp.	73,884,523	429,997,022
Union Central.	18,321,184	204,062,463
Un. Labor, Ord.	800,596	5,697,422
Un. Labor, Grp.	1,774,086	24,147,337
Union Mut....	3,231,261	21,396,096
U. S. Life, Ord.	6,280,253	31,408,168
U. S. Life, Grp.	393,920	1,714,140
Victory Mut...	1,276,700	4,247,020

Va. Job Act Appeal Granted

The Virginia state court of appeals has granted a writ of error to Life & Casualty of Tennessee from a decision of the Richmond Hustings court which had held that Life & Casualty was liable for unemployment compensation contributions on the wages earned over a three year period by C. A. Ballowe and other industrial agents. The question involved is whether such agents are "employees" under the terms of the unemployment compensation act of Virginia.

S. T. Pike States His Program for Insurance to TNEC

SEC Commissioner Favors "Slight Federal Supervision"

WASHINGTON—"Slight" federal supervision over "certain primarily interstate aspects of the business; 10 ways of strengthening state regulations; and gradual disappearance and eventual elimination of industrial insurance, encouraged by developing a plan for paying lump sum death benefits under social security programs or by making arrangements for the sale of insurance through the postal system" were the principal recommendations made by Commissioner S. T. Pike of the Securities & Exchange Commission in the final TNEC hearing on life insurance.

For life insurance men the recommendations on federal control are doubtless of greater interest than all others. Mr. Pike's suggestions envisioned a mild, highly cooperative form of regulation aimed at handling some of the problems like unlicensed insurers which baffle state regulatory authorities. He took cognizance, however, of the apprehensions of those who see in any move toward federal control the start of a process of usurping the states' regulatory powers. He pointed out that the extent to which this goes lies wholly in the control of congress. Furthermore, he said, there are certain conditions in insurance which cannot be overlooked.

Cites Poor Supervision

"As we indicate," he stated, "there are grievances in the insurance business with which the states, no matter what their good intentions, are unable to cope. Moreover, there are certain states where for various reasons regulatory standards have fallen so low that policyholders of companies domiciled in such states have sometimes failed to receive the minimum protective supervision they have a right to expect no matter whether living in that particular state or elsewhere. If some steps are not taken now to plug the gaps where state regulation cannot do an effective job or where standards may become unduly relaxed, the weaknesses in the existing state regulatory system may lead to its eventual decay and public clamor will then arise for an all inclusive federal regulatory system. We suggest that if this is to be prevented, now is the time to act before the insurance business is subjected to the heavy financial strains and substantial readjustments which may be attendant upon economic difficulties created by the war abroad. . .

"Today we wish to urge that the question be again considered as to whether the federal government can

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Annuity, Disability, Double Indemnity Results Better in 1940

By ROBERT B. MITCHELL

NEW YORK—Disability business cost New York admitted companies \$24,281,623 last year, \$5,000,000 below the 1939 figure and the lowest aggregate loss since 1929, when the total was \$21,800,000. Adding to this favorable picture are a gain from double indemnity of \$13,637,614, a better than \$3,500,000 increase over the 1939 total, and a loss from annuities of only \$2,729,387, which is an improvement of \$8,440,483 from the previous year's figure and an even greater improvement over the way annuity losses were running in the years immediately before. Thus, on these three items the companies were about \$16,500,000 better off last year than in 1939.

Funds held under settlement options continued their steady climb. It was only a few years ago when attention was directed to the fact that this total would shortly reach the amazing figure of \$1,000,000,000. Today the figure is close to a billion and a half, standing at \$1,455,977,423 as against \$1,324,343,611 for 1939 and \$1,167,139,813 for 1938. For some companies these funds were responsible for a large share of the increase in total admitted assets. It is to be expected that settlement option funds

will continue to grow until the amounts paid out as income substantially equal the amounts paid in from death claims.

Low Interest a Problem

The growth of funds held under options indicates why it has been necessary to employ a conservative guarantee basis. As funds increase optional modes of settlement become more complex, and as interest rates decline these moneys become more and more of a problem, for there is not the usual margin in the way of a conservative mortality table that provides an added cushion for strictly life insurance contracts.

Nine companies made special increases in their disability reserves by reason of change in reserve basis as against eight in 1939, the first year for which this information was required in the statement blank. The following added to their disability reserves in this manner:

Aetna	\$1,018,058
Bankers, Ia.	175,000
Canada Life	35,000
Conn. Mutual	518,000
Guardian, N. Y.	267,817
Mutual, N. Y.	1,049,847
N. Y. Life	2,384,068

North Am. Reassur.	69,633
Provident Mutual	150,000
Total	\$5,668,423
Total for 1939	\$7,121,635

Different Dividends Paid

While dividends are shown in the case of participating companies to give some idea of the effect of disability, double indemnity and annuity gains or losses, it should be remembered that a decision of New York's highest court permits companies to pay lower dividends to policyholders having the disability provision in their contracts. Most of the companies experiencing appreciable current losses on disability are differentiating in their dividends, so that in general the loss is being largely shouldered by those who stand to benefit by the coverage that is causing the loss.

Six companies added to their double indemnity reserves by reason of change in valuation basis as against seven the previous year. The companies are:

Equitable Society	\$ 677,618
Guardian, N. Y.	24,604
Manhattan	5,713
Mutual, N. Y.	671,704

New York Life	500
North Am. Reassur.	26,517
Total	\$1,406,656
Total for 1939	\$3,462,669

There were quite a few more companies which bolstered their annuity reserves as compared with the previous year. Those which added to their annuity reserves by changing the valuation basis were the following:

Aetna Life	\$ 1,365,764
Bankers, Ia.	200,900
Canada Life	50,408
Columbian Natl.	48,000
Conn. General	1,000,000
Conn. Mutual	394,155
Equitable Society	3,957,265
Guardian, N. Y.	102,613
Home, N. Y.	28,872
Mass. Mutual	574,226
Metropolitan	1,162,641
Mutual, N. Y.	224,028
New England Mut.	254,475
Phoenix Mutual	49,900
Provident Mutual	930,000
Prudential	400,013
State Mutual	125,000
Travelers	1,895,337
Union Central	85,077
Union Labor	627
Total	\$12,849,301
Total for 1939	\$15,016,271

	Disability Disbursements*					Annuity Pmts.†					Reserves on Supplementary Contracts Not Involving Life Contingencies		
	Disability Premiums, 1st Yr. & Renewals	Payments Made	Premiums Waived	Total Reserve for Disability	*Change in Surplus Charged to Disability	*Change in Surplus Charged Double Indemnity	*Policy Divs. Declared for 1941 (Annual Basis)	1st Year (Including Single Pmts.)	Renewals	Reserves on Annuities at End of 1940†	Net Change in Surplus Charged to Annuities	End of 1940	End of 1939
Aetna Life	2,843,230	3,707,053	538,084	69,972,072	-1,419,085	+207,011	1,864,696	7,087,244	9,828,304	124,531,582	-1,470,375	66,375,594	59,320,009
Bankers, Iowa	817,435	832,761	220,722	12,890,761	-448,402	+130,569	3,638,000	440,565	312,853	13,687,343	-173,755	13,639,304	12,053,339
Berkshire	89,898	35,224	11,657	611,091	+33,835	+13,902	606,250	281,880	333,681	8,266,843	+1,529	5,523,239	5,018,390
Canada Life	329,228	294,085	64,161	3,983,939	-117,396	+63,488	1,260,000	2,844,599	1,685,398	53,666,867	-73,116	6,900,417	3,390,531
Church	Not filed by Mar. 1.												
Colonial	10,552	28,363	10,329	140,845	+5,990	+12,186						27,412	7,239
Columbian Natl.	83,084	109,901	33,370	1,325,849	-68,361	+24,089	2,744	498,870	73,371	3,467,654	-87,929	1,997,880	1,687,108
*Confederation	167,993	111,706	30,621	1,502,777	+33,368	+36,017	2,057,018	2,878,275	12,204,707	22,207,628	+21,757	1,648,591	1,313,850
Conn. General	783,533	863,590	223,091	10,836,757	-365,482	+184,286	1,105,617	5,969,806	2,675,578	55,074,650	-881,807	16,262,832	14,003,601
Conn. Mutual	954,995	652,799	235,344	13,175,522	-626,700	+200,020	5,450,000	7,086,496	4,207,195	47,520,376	+110,221	33,875,647	29,716,360
Continental Am.	104,999	66,167	22,269	1,334,495	-30,684	+107	188,000	38,724	113,772	821,799	-7,085	1,349,650	1,116,028
Credit Life	Not filed by Mar. 1.												
Eastern	5,950	1,536	3,461	46,261	-8,614	+1,395			1,878	134,221	-4,344	29,674	24,953
Empire State	161			408	+11	-15	1,800					8,370	8,820
Equitable Society	6,923,791	8,882,305	1,956,463	130,819,992	-2,843,042	+1,127,274	32,500,000	38,115,126	61,347,468	804,602,106	+1,228,255	137,980,560	121,375,708
Equitable, Iowa	479,186	403,646	113,755	6,220,324	-38,397	+224,467	2,758,242	2,242,326	1,223,722	24,300,438	-12,346	16,112,730	14,409,929
Expressmens Mut.							220,529						
Farm Bureau	14,362		121	9,358	+9,431	+2,013	51,807			638	-45	53,766	18,462
Farmers & Traders	20,687	10,819	4,677	284,904						15,558		195,158	160,819
Fidelity Mutual	363,855	361,266	131,327	4,903,711	-141,450	-12,097	1,836,602	577,865	921,175	13,840,383	-12,038	7,732,345	6,934,371
Guardian, N. Y.	573,811	492,742	151,379	7,493,010	-386,133	+76,065	1,995,000	386,806	799,342	13,479,922	-24,055	8,974,935	7,970,277
Home Life, N. Y.	311,558	232,014	82,535	3,354,160	+79,411	+92,292	1,490,000	492,450	261,017	8,084,596	-124,654	7,019,611	5,660,735
*Imperial	109,654	79,883	27,322	1,405,959	-28,831	+11,806	1,361,871	2,003,669	8,361,624	7,266,853	+88,054	4,119,833	4,119,833
John Hancock	1,036,771	1,361,873	228,299	14,585,744	-861,265	+699,875	11,673,559	12,415,050	6,716,141	104,676,626	-657,872	29,774,595	25,290,465
Loyal Protective	1,386		33	1,412	+346	+1,180	8,518			3,723	-76	2,262	2,492
Lutheran Mutual	22,624	6,070	2,790	146,981	+18,349	+31,750	450,000			19,494		100,673	84,635
Manhattan	46,663	65,795	16,379	651,865	-57,677	-1,845	39,097	1,232,611	52,955	1,369,563	-14,831	899,962	837,087
Massachusetts Mutual	1,716,109	1,323,288	526,939	19,930,865	-584,425	+209,291	9,120,839	9,316,871	6,041,384	84,609,699	-617,627	92,705,869	84,646,515
Massachusetts Protective	17,336		8,567	74,518	-3,472	+10,723					-6,691	51,931	51,388
Metropolitan	7,871,444	9,017,667	1,678,742	98,169,078	-4,985,481	+2,971,286	57,881,478	13,166,287	34,518,195	442,197,111	+2,619,535	139,369,112	107,228,179
Monarch	8,568		2,037	34,640	-2,898	-1,521	39,700			8,257	-69	40,853	30,855
Morris Plan	7,292	5,288		19,035	+2,179								
Mutual Benefit	381,298	32,078	39,241	1,209,185	+76,101		13,058,925	1,849,095	92,377	20,905,750	-141,033	94,551,800	86,880,247
Mutual, Canada	Not filed by Mar. 1.												
Mutual, N. Y.	3,665,314	8,475,594	2,046,495	108,558,829	-1,756,216	+70,473	13,200,000	2,081,701	4,197,906	174,478,201	-1,969,207	106,276,650	94,865,027
Mutual Trust	96,214	55,610	22,361	1,160,899	-999	+52,667	735,000	89,131	143,571	2,328,498	+4,349	1,673,798	1,359,911
National, Vt.	271,501	216,757	77,672	3,656,793	-100,110	-12,393	3,850,889	3,804,086	1,164,970	42,294,542	-31,813	14,529,556	12,346,159
New England Mutual	636,383	426,644	170,173	6,809,176	-71,111	+170,639	8,494,000	3,248,623	5,721,994	60,019,646	-332,305	44,854,585	39,927,607
New York Life	7,843,009	16,371,047	4,653,945	225,730,839	-7,430,099	+2,236,384	38,735,567	8,660,385	11,776,247	354,446,321	+2,864,209	166,767,005	147,366,445
North American Reassurance	32,775	100,674	13,726	659,288	-21,635	-4,328		99	101	2,440	+158		
Northwestern Mutual	929,149		295,973	3,784,594	+435,195		33,400,000	4,116,253	216,736	68,810,898	+1,027,404	169,424,282	154,522,294
Old Republic Credit	486	1,326	430	20,351	-847	+327				162			
Paul Revere	14,661		1,180	25,000	+6,850	+2,972						34,998	32,150
Penn Mutual	1,517,146	1,286,686	477,516	22,872,765	-1,068,691	+142,022	10,300,000	7,582,918	3,069,856	154,447,827	-346,699	65,493,430	59,486,159
Phoenix Mutual	950,280	575,490	190,429	8,286,217	+48,644	+249,524	2,037,160	1,959,959	1,901,713	42,241,660	-278,630	17,441,193	15,074,966
Postal	1,122		2,648	25,178	-2,656		6,614	57,492	17,676	1,028,455	-208,770	183,650	139,773
Postal National	2,218			4,218	+1,462	+2,852				477	-74	44,350	19,512
Provident Mutual	751,753	385,339	148,676	8,266,703	+11,965	+94,611	4,571,000	2,552,750	1,527,603	48,390,906	-330,454	29,631,352	26,140,651
Prudential	3,093,128	12,155,868	2,464,945	111,974,135	-861,565	+3,506,009	51,235,677	23,171,180	24,904,214	288,544,144	+1,75,710	130,085,453	112,727,395
Security Mutual	50,461	44,413	16,968	654,178	+2,215	+19,957	100,000	9,415		200,490	-14,788	766,977	627,274
State Mutual	300,836	181,307	58,325	3,432,826	+221,836	+108,317	3,250,000	914,721	387,223	13,481,098	-117,993	17,148,423	15,242,975
Teachers	31,655		4,132	91,609	+22,320		135,000	1,221,497	7,768,803	91,901,211	-7,259	1,925,116	1,736,458
Travelers	5,535,672	6,170,500	1,085,303	63,054,181	-616,546	+516,369	10,183,179	5,346,464	132,900,620	1,881,052	-1,881,052	52,677,608	46,562,987
Union Central	490,593	589,047	180,093	6,580,976	-341,875	+150,891	3,459,166	2,946,607	3,085,827	44,847,915	-703,023	8,463,104	7,614,367
Union Labor	27,145	18,656	660	77,111	+154	+1,234	34,575	5,458	24,964	108,210	-235	17,848	20,018
Union Mutual	17,077	830	704	38,626	+11,933	+10,547	181,000	99,967	1,174	632,877	-51,186	1,042,183	879,065
U. S. Life	24,623	11,608	2,989	242,830	-13,267	+5,228	7,200	101,223	14,549	539,708	+3,824	167,957	143,534
Victory Mutual	Not filed by Mar. 1.												
Totals, 1940	52,847,314	76,045,315	18,379,320	981,113,484	-24,281,623	+13,637,614	324,386,526	176,263,767	220,426,052	3,375,357,054	-2,729,387	1,455,977,423	1,324,343,611
Totals, 1939	52,076,376	69,101,018	17,487,451	886,745,000	-29,312,518	+9,064,075	311,240,910	139,676,742	188,742,143	2,993,380,898	-11,169,870		1,324,343,611

Tenney Sees Higher Rates; Humanizes Report for Agents

Interest rates are expected to rise in the next three or four years, H. Martin Tenney, vice-president of Connecticut Mutual Life, told members of the Charles J. Zimmerman agency, Chicago. Mr. Tenney spoke also before the James G. Hill and Louis J. Fohr agencies.

The government will need to borrow huge sums, and probable increase in the yield on government bonds will tend to raise general interest rates.

On inflation Mr. Tenney expressed the belief that this country's experience during and immediately after the world war will be particularly valuable as a guide now. One of the difficulties, of course, will be to estimate the extent and duration of the period of inflationary tendencies. During the last inflation period, 1915 to 1921, life sales increased rapidly, an offsetting factor. The government has price control, taxation and the sale of federal securities as methods of controlling inflation, and apparently it intends to use them for that purpose to whatever extent is necessary.

Human Story of Statement

In presenting the human story of the company's annual statement, Mr. Tenney explained that in the last two years as he traveled over the country he has, because of the type of criticism coming out of the TNEC, the SEC, etc., queried policyholders, agents, loan correspondents, and others on what they think of the company and what they expect of it. Answers indicate few really are acquainted with the history of the company or life insurance. Needed is an understanding of the stewardship of this and other companies, now and in the past. There is a startling continuity of purpose reflected in the history of Connecticut Mutual.

A warning was issued by Mr. Tenney against indiscriminate use of comparative figures in selling. For instance, Connecticut Mutual's net interest yield for 1940 is an attractive figure, but considerable emphasis on it in sales work this year may act as a boomerang next year when this figure might not be so favorable, comparatively. Agents should regard net yield as a cathedral door, a fine thing, but an entrance to something finer and larger.

Selling Points in Report

There are many points in the annual statement which form the basis for excellent selling points, Mr. Tenney said. He suggested the use of thoughts rather than thousands, figures of speech rather than figures, and so on.

The agent should think of assets as bulwarks of safety, as springs of endless energy entering the arteries of commerce with an ultimate influence that is unlimited. For instance, here is a man in Oklahoma City who borrows money to erect a million dollar building. What happens? Benefits from those insurance dollars go to woodworkers in Oregon, steel workers in a dozen cities, hardware factories in Connecticut, etc.

"We have heard a lot about the huge volume done by life insurance companies, but little of the insurance dollar as an endless stream of energy constantly pouring into the industrial and business veins of the country," said Mr. Tenney. In answer to a criticism of the TNEC, Mr. Tenney pointed out that the company each day is audited by outside auditors. Every transaction must balance. This is a good sales point for agents.

A thorough understanding of what is back of various items in the financial statement should add vigor to the thought and sales arguments of agents. For instance, Mr. Tenney presented a colored map showing how widespread is the investments of the company in the various states on a dollars per capita basis.

Mr. Tenney's talk dramatizes and gives the human background of the fi-

Actuary Clubs Meet in Washington, Philadelphia

The Middle Atlantic Actuarial Club and the Actuaries Club of Philadelphia, the former holding its first meeting of 1941 and the latter its regular monthly meeting, met in Washington and Philadelphia, respectively.

The program for the Middle Atlantic club included an address by H. L. McCoy, director of insurance of the veterans' administration, on "Soldiers and Sailors Relief Act for 1940." An informal discussion which followed included changes contemplated in policy forms, led by L. K. Crippen, vice-president and actuary of Acacia Mutual; investment policy, headed by A. Kenigson, actuary of Sun Life of Baltimore, and the allocation of field costs as between ordinary and industrial insurance, led by Thomas Bowles, Jr., Life of Virginia. The next meeting of the club will be held in Baltimore, May 9.

The Philadelphia gathering heard a discussion on agents' compensation by Henry Bossert, Jr., Provident Mutual Life, who outlined the background of the revised scale of commissions recently proposed for discussion by the committee on agents' compensation of the Sales Research Bureau, and Adolph M. Schwartz, Penn Mutual Life, on the revision of non-forfeiture laws.

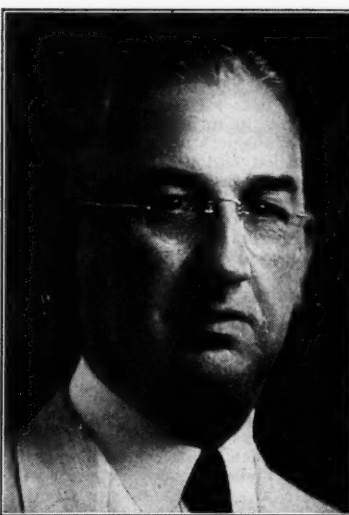
nancial statement to agents as the company's report does for policyholders. Both reflect the new effort of life companies to present their picture interestingly and understandably to laymen.

Henry Hunken, associate general agent, was in charge of the Zimmerman meeting in the absence of Mr. Zimmerman.

Mr. Tenney will talk to some of the other agencies over the country.

The Zimmerman agency registered its 42nd plus month in February out of 44 months of Mr. Zimmerman's management. The January increase was the

Want Utah Commissioner, on Army Duty, Renamed



C. C. NESLEN

The Utah Life Managers Association has adopted a resolution requesting Governor Maw to reappoint C. C. Neslen as insurance commissioner. Mr. Neslen has now been called for active duty at San Luis Obispo as chaplain. As a member of the Army Officers Reserve Corps, Mr. Neslen was called for active service Monday of this week at San Luis Obispo in the chaplain's division. (CONTINUED ON PAGE 24)

largest yet recorded, exceeding 70 percent.

This agency's broken seminar course will begin March 25 and will be conducted twice weekly.

Iowa Deposit Law Held Impotent

Michigan Ruled to Have Jurisdiction Over Large Fund in Reinsurance Case

The decision by the eighth circuit court of appeals in St. Louis that federal courts have no jurisdiction over \$3,600,000 securities on deposit in the Iowa department by the former American Life of Des Moines probably will be appealed by the Iowa department. It was indicated a writ of certiorari would be sought to have the United States Supreme Court rule on the question of federal jurisdiction.

The circuit court decision reversed a decision by Federal Judge Dewey of Des Moines, who had held Iowa Commissioner Fischer had "sole and exclusive right" to administer the funds. Fischer brought the original suit against American United Life, Commissioner Emery of Michigan, who was receiver of American Life of Detroit, and D. E. Lydick, Texas receiver.

Reinsured in Detroit Company

The Des Moines company was reinsured in 1923 by the American Life of Detroit, and when it in turn became insolvent in 1938, Emery as receiver contended the Iowa reserve fund deposited in the Iowa department should be administered for the benefit of all policyholders of the Michigan company instead of only for the former Des Moines company's policyholders.

Judge Dewey ruled the Iowa company's policyholders have had a lien on the securities which the reinsurance agreement did not change in any particular.

The circuit court's majority decision held "the securities belonging to the Michigan company on deposit in Iowa were legally in the possession, actual or constructive, of the Michigan company and that therefore the Michigan court through the insolvency proceedings commenced in that state, acquired jurisdiction to administer them and to determine what the rights of policyholders, creditors and all others claiming interest in them, were."

Judge Dewey's opinion was held to interfere with orderly administration of property and business of the Michigan company under Michigan laws.

One Justice Dissents

A dissenting opinion written by Judge Johnson contended the Michigan company was "simply substituted for the Iowa company in the performance of obligations to the policyholders and the deposit, having been set up and maintained under Iowa law, its status after insolvency was and could only be a question of Iowa law."

This is believed to be the first test of the depository laws in which domestic insurance companies are required to deposit securities of an amount equal to the net cash value or legal reserve of their outstanding policies.

"There can be no practical justification for liquidating or reinsuring the business of the Michigan company in segments or subjecting the same policyholders to the jurisdiction of two or three different courts, working at cross purposes," the court commented.

Michigan Acquired Control

"Our conclusion is that the court below lacked jurisdiction because the Michigan court had first acquired jurisdiction of the securities on deposit in Iowa. But, even if that conclusion were not justified, we would still be of the opinion that the court below could not be called upon to decide which of the two state courts has the right to administer these assets of the Michigan company and to determine controversies respecting them."

EXPERIENCE

We know of a young man who once applied for a position in a certain business. He was asked if he had had any experience in that business. His answer was in the negative. "Well, we never employ anyone who has had no experience in this business." How, then, he inquired, was it possible for a beginner to get the experience to begin with? He was willing to start from scratch. No, the answer was, the beginner had to have experience. The youngster went his way, reminded of the legendary island where the inhabitants existed by taking in one another's washing.

The beginning underwriter of life insurance nowadays starts in a training class, studies under trained men, then makes his first sales probably in joint selling with a trained salesman. And even after he is on his own he continues to receive training by attending sales meetings, conferences, congresses, at which he hearkens to the ideas and the selling narrations of seasoned men.

In other words, our experience is gained by training, by supervision, and by sharing. And that is one big reason why, under the American agency system, American life insurance has had such great growth.

* * *

THE PENN MUTUAL LIFE INSURANCE CO.

WILLIAM H. KINGSLEY
Chairman of the Board

JOHN A. STEVENSON
President

INDEPENDENCE SQUARE, PHILADELPHIA

Life Companies Figures Show Gains

According to various state requirements in the United States pertaining to financial statements, the Canada Life shows all new paid life insurance in 1940 \$62,000,586, increase \$855,215. In addition, 1,356 new annuity contracts were completed with premiums of \$2,906,286, an amount \$1,211,193 greater than in the previous year. Life insurance in force was \$805,704,918. This does not include annuity business, which again showed a substantial increase. Lapses and surrenders were reduced by \$2,285,730.

Total assets increased by more than \$5,900,000 to \$279,976,043, the highest figure in its history. Since its inception Canada Life has paid to or accumulated for policyholders and their beneficiaries more than \$740,000,000, or over \$70,000,000 more than it has received in premiums.

U. S. Assets Exceed Liabilities

President A. N. Mitchell said the company holds on deposit with trustees in the United States assets substantially more than sufficient to cover its liabilities to United States policyholders. These assets are under the control of the state insurance departments and may not be withdrawn from that control except with their permission. No fluctuation of foreign exchange, Mr. Mitchell said, can affect a contract issued by the Canada Life in the United States, as these contracts are payable in United States currency and are backed by assets payable in United States currency.

Investments and cash held in the United States included: Cash and government bonds, 32.5 percent; municipal bonds, 3.9 percent; public utility bonds, 35.6 percent; railroad bonds, 0.6 percent; other corporation bonds, 1.3 percent; preferred stocks, 11.9 percent; mortgages and sale agreements, 0.6 percent; policy loans, 7.9 percent; real estate, 0.3 percent.

COLUMBIAN NATIONAL LIFE

Columbian National Life's annual statement shows assets of \$50,370,405, an increase of \$2,231,620.

Surplus to policyholders, including capital stock and contingency reserves was \$3,756,215, approximately 8½ percent of the total reserves on all policies.

Columbian National holdings of government bonds was almost \$11,000,000. The combined holdings of \$1,755,000 cash and government bonds was more than 25 percent of total assets. The company has almost \$11,000,000 in public utility bonds.

The company paid policyholders and beneficiaries over \$4,300,000. Since 1902 it has paid out more than \$91,000,000.

Insurance in force showed a gain of \$3,424,000, bringing the total at the end of the year to more than \$181,000,000. The 1940 gain was almost double that of 1939.

Production of new life insurance increased. Mortality continued downward and lapses decreased sharply. The average policy increased again to a new high of \$3,879. This is an increase of \$145 over 1939 and \$250 over 1938.

NORTH AMERICAN REASSURANCE

North American Reassurance in its new statement shows assets of \$18,088,197 and policy reserves \$15,065,564. It carries a contingency reserve of \$222,676, capital is \$1,000,000 and net surplus \$1,200,000. Life reinsurance in force amounts to \$157,243,300.

KENTUCKY HOME MUTUAL LIFE

Kentucky Home Mutual Life of Louisville has now issued its new statement showing assets of \$10,359,239. Policy reserves are \$9,555,775 and total surplus is \$410,968. Insurance in force is \$49,564,397. During the year there was paid to beneficiaries and policyholders \$1,216,372.

Cash on hand increased to a total of

\$341,156. Total holdings of cash, bonds and government guaranteed building and loan deposits exceeded \$1,000,000.

In 1932, Kentucky Home reinsured a large volume of business which was placed in a closed group. That business has decreased annually by reason of deaths, maturities, expirations, etc. The new business written by the agency organization had not been sufficient to offset these decreases until 1940 when a volume of newly acquired business amounting to \$12,276,875 offset all terminations and increased the business in force by more than \$7,000,000.

ILLINOIS BANKERS LIFE

Illinois Bankers Life ended 1940 with \$107,249,543 insurance in force and with a total of \$1,931,863 in benefits paid in the year.

Cash as of Dec. 31 totaled \$1,305,343, compared to \$26,357,216 liabilities.

Wide diversification as to type of obligations exists in the investment portfolio, the highest proportion of admitted assets in any one classification being 8 percent. Market value of bonds exceeded by \$18,845 the value at which they are carried. The net cash rate of return on bonds was 4.6 percent. Net return on the entire investments averaged 3.43 percent.

Assets total \$26,347,216. Policy reserves are \$23,065,821. Reserve for contingencies is \$245,000; capital, \$200,000; net surplus, \$831,063.

U. S. LIFE

A gain of \$5,351,518 in insurance in force in 1940, to \$58,763,923, is reported by United States Life. This is 70 percent more than the \$3,225,508 in 1939. New business was \$11,630,255 against \$11,448,085.

Gain from life insurance operations was \$56,149 in 1940 as against \$20,897 in 1939. Surplus was \$215,961, compared with \$106,715. This includes \$100,000 added by shareholders. Surplus was reduced by cost of establishing the new accident and health department, adjusting bonds to market and depreciating real estate.

Assets increased from \$8,853,069 to \$9,601,271. Mortality was 40.72 percent. Average interest earned on mean invested assets increased from 3.42 percent to 3.75 percent.

Reception of the accident and health department has been favorable, the volume of business is growing and it is supplementing the life insurance work as planned.

BENEFICIAL LIFE

Beneficial Life at the end of 1940 had insurance in force of \$82,517,324. Assets totaled \$15,984,964, an increase of \$1,250,149. During the year the company paid \$1,120,947 to policyholders and beneficiaries.

Beneficial led all companies in paid for insurance in Utah, and, for the first time in its history, leads in ordinary business in force in the state. The company enjoyed the lowest mortality ratio in its history.

Legal reserves on all policies, annuities and supplementary contracts were \$12,911,921. Capital amounted to \$250,000, net surplus \$890,413 and contingency reserve fund \$900,000. Beneficial Life now operates in nine western states and a plan is under consideration for expansion.

Surprise for O. L. Dickinson

Friends of Otis L. Dickinson, manager of Phoenix Mutual in Providence, R. I., surprised him with a dinner party in honor of his 25 years with the company. He went with Phoenix Mutual in 1916 at Waterville, Me. He was made manager at Providence in 1923. Outside visitors at the dinner included Vice-President Howard Goodwin, Assistant Agency Manager James A. Giffen and Comptroller Dwight M. Clark from the home office, and McKinley Warren, manager of the Boston office.

Millett to Open Advisory Service Office in Chicago



PAUL F. MILLETT

The Paul Cook Agency of Mutual Benefit, Chicago, held a luncheon honoring Paul F. Millett, brokerage manager, who is opening his own office in the Field building March 10, where he will conduct the Millett Service. This will be an advisory service, primarily for insurance agencies and insurance men, on estate analysis and tax problems.

Mr. Millett is well-known in the Chicago area, where he has represented Mutual Benefit in the A. A. Drew and Paul W. Cook Agencies over the past 13 years. He is a member of the Illinois Bar and from now on will limit his field of activity to strictly advisory and legal service.

His associates in the Cook agency presented him with an onyx desk set.

Publicity Committee Named for Commissioners' Meeting

DETROIT — Commissioner Berry appointed Elmer Salzman, secretary-manager Detroit Association of Insurance Agents; C. W. Lucas, publicity director for Governor VanWagoner, and Carl Sedan, manager Detroit Convention & Tourist Bureau, as a committee to handle publicity for the National Association of Insurance Commissioners convention in Detroit June 9-11.

This year's convention is expected to attract a record-breaking attendance due to the many critical questions facing the insurance business in coping with defense problems and regulation by state and federal governments.

The committee is eager to receive material from the commissioners and others that can be used effectively in making the convention outstanding.

Convicted Life Official Is Given Full Pardon

N. J. O'Hanlon, former official of the defunct American Life of Denver, who was convicted of larceny by bailee in a case in 1935 concerned with the tangled financial affairs of the life company, was pardoned by Governor Carr of Colorado. Earnest Larson and Forrese Heath, brokers; C. W. Helser, president of the American Life of Denver, and Alfred Seebass, another official, were indicted at the same time as O'Hanlon. Helser and O'Hanlon were convicted, Heath and Larson pleaded guilty, and Seebass was acquitted.

Governor Carr explained he sat through the trial as an observer and was convinced O'Hanlon was not a major violator, but had been duped in the company's many involved transactions.

Phoenix Mutual Appoints C. L. Morse Seattle Manager

Clifford L. Morse has been appointed manager of the Seattle agency of Phoenix Mutual Life, having been in active charge of this office since January, 1940.

He was graduated from Trinity College in 1931, later qualifying for a M. A. degree in banking and insurance, and for the C. L. U. designation. He joined Phoenix Mutual's home office agency in 1933, and his outstanding sales record led to his appointment as a field supervisor in 1936. The next three years, he gained valuable experience in a number of the company's larger agencies, including New York, Boston, Chicago, St. Louis and Oklahoma City. He is a member of the Seattle Life Underwriters Association and the Seattle C. L. U. chapter.

Equitable, N. Y., 1940 Daily Payments Average \$561.290

The annual report of Equitable Society reveals that an average of \$561.290 a day was paid out in benefit payments to policyholders and beneficiaries in 1940. Total payments for the year were \$205,432,000.

The lapse and surrender rate in 1940 was the lowest in 20 years. Earnings rate on assets declined from 3.38 percent in 1939 to 3.27 percent. A total of \$33,508,570 was set aside for payment in 1941 as policy dividends.

The chief cause of death among policyholders was heart and circulatory diseases, accounting for 4 percent of the claims.

Grand Jury Hears Peoples Committee Evidence

PHILADELPHIA — Officials and records of the People's Committee to Defend Life Insurance & Savings made their appearance during the latter part of last week before the federal grand jury investigating vote frauds in Philadelphia.

It is understood that what the grand jury was seeking to discover was the identity of the backers of the committee, who paid for its advertising and literature, and whether it had obeyed all the rules and regulations in reporting its expenditures.

To that end, it subpoenaed the advertising managers of the Philadelphia newspapers and their records as well as Harry W. Harrison, chairman, and H. T. McDermott, treasurer, both of Philadelphia, and Robert Smith, secretary, of New York.

It is understood that information gathered by investigators proved that the committee had been disowned by life insurance interests from its inception.

To Close Milwaukee Office

MILWAUKEE — The Milwaukee office of Fidelity Assurance, successor to the Fidelity Investment Association of Wheeling, will close March 15 for an indefinite period, it is stated by G. P. Keith, Chicago, agent in charge. Members have been notified of the move and instructed to mail their payments to the home office in the interim. In changing over to life insurance business, the company is changing its charter and will have to apply for a license in Wisconsin. H. M. Steussy, who for many years headed the Wisconsin division of the investment association, has been vice-president of Franklin Life in charge of income annuities since the first of the year.

Hamilton Is District Manager

John W. Yates, Los Angeles general agent Massachusetts Mutual Life, has named J. M. Hamilton district manager for the San Fernando valley, with offices in North Hollywood. He is a graduate of the first class in life insurance at Carnegie Tech in 1920.

1851



1941

90TH ANNIVERSARY YEAR

GAINS IN 1940

In Total Insurance in Force	\$15,274,500
In Premium Income	1,357,597
In Surplus	553,644
In Assets	16,163,591

GROWTH IN 20 YEARS

	INCOME	ASSETS	INSURANCE IN FORCE
1920	\$13,816,722	\$57,168,930	\$294,348,813
1930	34,577,180	150,103,535	623,567,336
1940	45,883,538	269,521,425	689,636,169

Many years ago, the men who originated the Agency Plan of the Phoenix Mutual expressed the belief that carefully selected representatives, properly trained, would automatically bring quality of business.

In 1940, terminations through lapse, surrender and expiration were only 3.8% of the total insurance in force at the beginning of the year. This is the lowest ratio in our entire history, and compares with 4.7% in 1938 and 4.3% in 1939.

This record, one of the best among all companies, is a tribute both to a sound agency plan and to our field representatives who are selling a high grade of business and doing an excellent job of keeping it in force.

PHOENIX MUTUAL LIFE INSURANCE COMPANY

OF HARTFORD, CONNECTICUT

State Mutual Life Appoints Pennington in Buffalo

John Pennington, since 1934 a leading producer for Penn Mutual's Cleveland office, has been made general agent in Buffalo for State Mutual Life. He went into the life insurance business



JOHN PENNINGTON

in 1933, when he joined the Cleveland office of Provident Mutual Life.

In 1922, he left Cornell University at his father's death and went to work with Johns Manville Corporation in New York, getting his training in the engineering and construction departments. He represented the sales department, working out of New York City and Cleveland on special industrial accounts.

His new work will be in one of the company's oldest and largest offices, which was established in 1883 and which for 35 years was headed by F. A. G. Merrill, who retired as general agent in 1938 and now holds the title of general agent emeritus.

Fraud Suit Against Bond House to Be Reconsidered

Equitable Life of Iowa was successful before the U. S. Supreme Court this week in having reversed the finding of the circuit court dismissing its suit for damages against Halsey, Stuart & Co., Chicago investment house, charging fraud in sale of Longview, Wash., improvement bonds. The case was remanded to the circuit court for further consideration.

The Equitable charged that in 1930 it bought \$353,000 of the bonds on information furnished by Halsey, Stuart & Co., which it was claimed falsely represented large lumber mill properties were within the area and the bonds were the only liens on the lands involved. It was charged Halsey, Stuart made misleading statements about the financial strength of Long-Bell Lumber Company, guarantor of the bonds, which entered bankruptcy reorganization in 1935.

H. J. Brown, Pacific Mutual 45-Year Veteran, Retires

Harry J. Brown, assistant secretary of Pacific Mutual Life, who was formerly in charge of advertising, announces that he has retired from active service after 45 years in insurance.

Mr. Brown entered life insurance with Guardian Life of Denver. On its merger into the Conservative Life in 1903, he became cashier at San Francisco. On merger with Pacific Mutual he became purchasing agent at the home office. He was appointed agency auditor in 1917, transferred to the executive agency department in 1920 and made assistant secretary in 1922.

	Total Assets	Change in Assets	Surplus to Policyholders	New Bus. 1940	Ins. in Force Dec. 31, 1940	Change in Ins. in Force	Prem. Income 1940	Total Income 1940	Benefits Paid 1940	Total Disbursements 1940
Amer. Standard Life...	2,902,878	+124,119	1,622,866	2,376,441	36,435,831	-2,514,275	689,327	\$37,988	540,151	\$91,112
Conn. Mut. Life.....	394,831,555	+29,382,559	14,566,843	101,948,307	1,084,835,793	+42,980,589	47,135,304	75,586,965	27,940,540	46,149,347
Durham Life.....	7,083,922	+918,023	1,060,523	34,019,234	75,401,901	+5,009,125	2,785,724	3,029,901	778,002	2,254,916
Equitable Life, D. C....	16,247,377	+1,399,879	983,895	31,300,478	124,169,200	+10,856,187	3,865,262	4,806,425	1,528,814	3,277,611
Eureka-Maryland.....	9,632,622	+490,990	847,871	21,271,007	86,536,885	+5,399,747	2,241,363	2,784,225	1,029,677	2,169,416
Farmers & Trad. Life...	10,404,382	+697,237	765,028	4,104,619	46,913,080	+1,556,954	1,166,803	1,710,744	491,704	1,029,677
Farmers Union Life....	1,335,317	+135,451	341,509	1,097,296	9,110,650	+75,279	264,637	378,776	108,407	238,679
Federal Life & Cas....	1,397,708	+137,722	775,378	817,200	2,253,255	+396,392	57,167	1,498,616	6,404	61,361,432
Globe Life.....	4,250,118	+185,071	404,465	2,248,334	23,263,915	+8,738	505,624	679,408	255,819	511,686
Gulf Life.....	8,711,369	+1,725,655	929,401	55,186,795	122,184,557	+10,287,996	4,514,824	4,833,218	934,231	3,174,888
Illinois Bankers Life...	26,357,216	-556,187	1,081,064	11,471,400	107,249,543	-1,227,052	2,544,691	4,529,281	3,094,530	46,150,958
Indus. Life & Health...	5,063,380	+723,537	1,806,575	137,119,850	122,948,933	+17,878,100	7,667,148	7,878,720	2,563,840	7,082,782
Knights Life.....	8,329,003	+328,894	1,050,000	35,556,650	95,704,217	+12,470,946	2,527,078	2,898,654	755,021	2,070,235
Lincoln Liberty Life...	8,230,144	-46,139	340,053	6,943,094	32,731,740	+712,584	1,313,061	1,734,879	777,693	1,814,665
Manhattan Life.....	23,343,755	+1,653,946	886,427	18,115,981	85,512,599	+8,511,529	3,898,167	5,187,982	2,085,931	3,436,645
Mass. Mutual Life.....	724,294,035	+35,653,604	18,083,291	126,452,377	1,989,685,982	+26,113,739	68,287,621	121,986,618	47,994,621	83,279,469
Mutual Benefit Life....	751,540,298	+37,622,625	31,936,780	123,529,135	2,068,361,343	+19,634,483	72,877,651	121,236,172	54,614,166	95,670,658
Security Mut. L., N. Y.	25,066,977	+926,853	653,428	10,857	92,671,654	+786,092	3,050,711	4,679,284	2,192,412	3,724,604
State Capital Life.....	368,517	+68,792	140,920	12,629,675	15,589,767	+3,053,058	384,499	350,717	41,301	281,584
Woodmen Central Life...	456,016	+76,417	152,341	3,176,243	6,680,985	+1,569,475	157,878	171,060	20,979	107,712

FRATERNALS

Aid Assn. for Lutherans.	37,119,988	+4,493,944	2,701,974	18,397,972	211,992,323	+11,594,020	5,771,544	7,572,705	2,058,568	3,288,466
A. O. U. W., W. Va....	1,330,122	-8,630	246,340	.....	.....	.....	62,336	125,422	72,171	109,000
Cath. Or. of Foresters.	39,944,431	+1,837,998	6,550,967	7,358,554	121,390,778	-772,245	2,663,391	4,661,290	2,900,384	3,608,953
Home Beneficial.....	10,698,872	+963,848	2,000,106	13,596,269	119,958,086	+13,596,269	5,941,363	6,415,507	1,886,914	5,528,104
Jr. Or. Unit. Am. Mocha.	6,484,991	+247,306	755,926	1,623,871	24,198,207	-1,265,906	881,258	1,306,773	825,734	1,051,533
Polish Natl. Alliance...	27,963,135	+1,690,811	27,455,924	9,713,500	159,416,778	+491,867	3,551,720	5,767,788	1,769,062	4,779,584
Royal League.....	5,261,443	-18,808	6,290,912	643,760	15,346,827	-632,531	375,014	722,561	534,400	837,719
Standard Life, Kan....	11,738,617	-395,652	826,087	2,881,000	36,637,465	-1,337,483	1,012,482	1,594,703	1,370,222	1,986,774
Woodmen Circle, Neb...	32,630,772	+2,152,209	3,781,990	9,108,959	105,066,561	-1,764,922	2,639,570	4,250,267	1,768,796	3,147,451

¹Includes \$250,000 contingency reserve.

²Contingency reserve funds.

³Life only.

⁴Including A. & H.

⁵Includes \$45,000 general voluntary reserve.

⁶Includes accident and health department.

Lincoln National Promotes Plan to Awaken Insurance Interest of Employees

A novel cash-quiz contest designed to improve public relations, assure a well-informed office staff, and contribute to employee relationships has been instituted by Lincoln National Life.

Home office employees become cooperators with the agency force in educating the public on life insurance.

The employees voted heavily in favor of the contest. Each month, educational material pertaining both to the company and to the institution is distributed to all home office employees. Later, on unannounced dates, names of employees are drawn and those selected are invited to participate in the contest. They appear as a group before questioners and each is given the opportunity of answering one of the questions previously distributed. Correct answers are rewarded with cash prizes. These awards vary from \$2 to \$10. The names and prizes of successful participants are to be publicized in "Life with the Lincoln," magazine for home office employees; those who are unsuccessful receive no penalties nor publicity. Prizes for questions which are not answered satisfactorily will be placed in a jackpot and at the end of the year names will be selected from those who volunteer and a sweepstakes contest will be held to clean up all outstanding prize money.

The first quiz session was held last Thursday.

Members of Committee

The committee in charge is composed of Fred Fisher, advertising manager; C. R. Ashman, associate actuary; C. E. Brown, assistant controller; and Alice O'Reilly, supervisor of the policy section of the new business department.

"What is the basic difference between a life insurance policy and an annuity policy?" is one question.

"How would you answer a policyholder who said, 'When I borrow on my life insurance policy, why do I have to pay interest? Am I not borrowing my own money?'" is another.

"The following statement is untrue—but how would you answer it? The life insurance companies use an old mortality table showing higher death rates than we now have—hence, the companies charge too much and make lots more money than they should."

Attorney-general Mann of Texas has filed suit seeking to forfeit the charter of the Metropolitan Union, mutual aid association of Fort Worth.

Complete Income Protection

CONTINUOUS SERVICE!

There is no doubt that a record of continuous service paves the way to additional sales. Each year the B. M. A. increases its payments to policyowners and beneficiaries. Last year the amount paid to living policyowners was \$1,902,066.37 and to beneficiaries, \$906,485.54—a total of \$2,808,551.91. To date the Company has made payments totaling more than \$48,000,000.00.

A record such as this naturally promotes goodwill and helps B. M. A. salesmen do a better job with less sales resistance. No wonder more and more people ask about B. M. A. Complete Income Protection plan.

Business Men's Insurance Company
KANSAS CITY, MISSOURI

Life-Accident-Health-Annuities-Hospitalization-Group-Term-All-Ways

Curtiss Is Acacia's Chicago Manager

Isaac H. Curtiss has been named manager of Acacia Mutual Life's Chicago branch office. Mr. Curtiss succeeds A. R. Mead, who was called to serve in a defense industry.

Mr. Curtiss was educated in Brooklyn, and was graduated in 1917 from New York Military Academy. After serving in the war he took the mechanical engineering course at Polytechnic Institute of Brooklyn. For nine years Mr. Curtiss was with the David J. Moll Company of Chicago and one of its subsidiaries as salesman, assistant to the general manager and sales manager. In 1931 he entered life insurance as an agent with the Chicago branch of Travelers. For several years Mr. Curtiss has led that agency in production and in 1940 he was one of the 50 leading life producers in the entire Travelers organization.

Mr. Curtiss lives in Glencoe, Ill., where he is active in community work. Acacia's second largest branch is in Chicago. There are 23 men in the agency, who produced over \$2,300,000 of business last year. The company has \$29,000,000 of business in force in the Chicago territory.

Stotz Agency Celebrates 10th Year with Annual Meet

The annual meeting and banquet of the Raleigh R. Stotz agency of Mutual Benefit Life, Grand Rapids, Mich., was held Saturday, marking the 10th anniversary of the agency, which twice during that period has won the company's annual award for outstanding performance.

The meeting began with a buffet luncheon and continued throughout the afternoon. At the banquet, which was followed by entertainment, 110 were in attendance, consisting of salesmen from western Michigan and their wives and the local company examiners. Robert Duncan, general agent Flint, was guest of honor.

A chest of silver was awarded to John Mulder, Jr., Grand Haven, for having done the best all-round job in the agency during 1940. Charles Webb, Traverse City, who just completed 30 years of service with the company, was honored for having the best persistency of business and George H. Bonhajo, Bay City, for the greatest increase in business over the previous year. The awards were wrist watches presented to Mrs. Webb and Mrs. Bonhajo.

Edward E. Rhodes, vice-president of Mutual Benefit, was the guest speaker, and he presented a 20-year service emblem to Paul L. Snauble, district manager in Kalamazoo and to Mr. Stotz.

The Grand Rapids agency has paid for approximately \$52,000,000 of business during the last 10 years, and the total death claims were \$5,825,135. It mails 275 income checks to beneficiaries each month, and 15 men in the agency, each of whom have over a million of outstanding insurance, are actively servicing \$38,666,622 of insurance in force.

N. J. Bill Proposes Life Sales by Savings Banks

Assemblyman Hutchins has introduced a bill in the New Jersey legislature authorizing savings banks to issue life insurance policies up to \$1,000 and annuities up to \$200 a year. No individual could buy more than three \$1,000 policies. Hutchins also announced he would propose a "sweeping investigation of life insurance practices in New Jersey." He said he was motivated by the recent SEC report.

Knight Agency Ahead in Feb.

The Charles B. Knight agency of Union Central Life in New York paid for \$2,030,909 in February as against \$1,880,471 for February, 1940.

From L. A. to Jax.



DEAN C. BRYANT

Dean C. Bryant, who has been appointed general agent at Jacksonville, Fla., for Volunteer State Life, for the past 17 years has been with Provident Mutual Life at Los Angeles. He has been a valued producer both in respect of volume and quality of business. His offices are in Greenleaf & Crosby building.

Mrs. Bryant is a native of Alabama and a son, John P. Bryant, is entering the University of the South at Sewanee, Tenn.

Metropolitan Gets Permits for Cal. Housing Projects

SAN FRANCISCO — Commissioner Caminetti has granted permits to Metropolitan Life to proceed with its plans to build two moderate cost housing projects in San Francisco and Los Angeles. Cost of each is given as \$12,500,000 and work will start at once. Investment of life company funds in such enterprises was authorized by a special law adopted by the California legislature a few months ago. Policyholders in San Francisco and Los Angeles attempted to prevent construction by litigation, which has been dismissed.

LOS ANGELES CASE THROWN OUT

LOS ANGELES — Superior Judge Wilson sustained a demurrer filed by Commissioner Caminetti without leave to amend in the suit brought by Margaret Ostby to restrain the Metropolitan Life from proceeding with its low cost housing project in Los Angeles at a cost of \$15,000,000.

Pink's Report on Foreign Companies Is Favorable

In the third part of his annual report to New York's legislature Superintendent Pink terms U. S. branches of foreign companies very sound. Four of such companies do a life insurance business and two are fraternal organizations. These are Canadian. U. S. branches do 2½ percent of the life and casualty business and a little less than 3½ percent of the fraternal business done in this country.

"We have always been able to answer 'Yes' to the question whether U. S. branches are safe," stated Mr. Pink. He pointed out that Canadian companies are operated much as American companies.

J. S. Logan Joins Siegmud

James S. Logan, well known life underwriter who has been with the W. J. Stoessell agency of National Life of Vermont in Los Angeles, has joined the W. H. Siegmund agency of Connecticut Mutual Life as agency supervisor. He will devote his time to brokerage development and personal production.



STATEMENT OF FINANCIAL CONDITION

DECEMBER 31, 1940

ASSETS

Cash	\$ 1,664,993.42
United States Government Obligations* (including \$311,953.00 on deposit with Public Authorities)	15,822,269.60
Other Bonds* (including \$75,002.60 on deposit with Public Authorities)	84,481,265.37
Preferred Stocks*	143,110.00
Real Estate Mortgages	2,706,141.22
Real Estate	1,260,458.00
Policy Loans	19,790,221.45
Premium Lien Notes	3,108,322.40
Accrued Interest and Other Assets	963,107.60
Premiums in Course of Collection	2,863,379.05
Total	\$132,803,268.11

LIABILITIES, CAPITAL AND SURPLUS

Policy Reserves	\$114,079,390.01
Reserve for Future Payments under Supplementary Contracts	7,737,573.00
Dividends (With Interest Thereon) Left on Deposit	2,464,312.61
Apportioned for Future Dividends to Policyholders	896,024.80
Policy Claims Awaiting Completion of Proof... ..	654,995.30
Commissions Due Agents and Accounts Payable	136,402.75
Premiums Paid in Advance and Unearned Interest	1,219,872.44
Reserve for Estimated Taxes	325,000.00
Reserve for Contingencies	639,697.20
Capital Stock — Authorized and Outstanding 10,000 Shares, Par Value \$100 Each	1,000,000.00
Surplus	3,650,000.00
Total	\$132,803,268.11

*Bonds subject to amortization within the regulations of the Insurance Department of the Commonwealth of Pennsylvania are stated at amortized values. Other bonds and preferred stock are stated at market values.

Life Insurance in Force	\$504,774,839.00
Accident and Health Premium Income	\$780,103.50

RELIANCE LIFE INSURANCE COMPANY OF PITTSBURGH

ARTHUR E. BRAUN, PRESIDENT

FARMERS BANK BUILDING, PITTSBURGH, PA.

Reduce Mass. Bank Life Dividends

Dividends of Massachusetts savings bank life insurance have now been reduced, and all the banks in the system are paying the same first year dividend. At age 35 the first year dividend under the new scale is \$1.69 for ordinary life, \$1.73 for 20 pay life, \$1.80 for 20 year endowment.

The second year dividend of seven banks is 70 percent of the 1940 basic scale or the full 1941 scale, whichever is lower. These seven banks for the third year are paying 57 percent of the 1940 scale. The fourth year dividend is 52 percent of that scale and after the fourth year the payment is 50 percent of the scale. The 21 other banks in the system are paying the full 1941 basic scale in all years.

Experience of 1940 in N. J. Is Set Forth

	Issued, Revived & Increased During Yr.	In Force Dec. 31, 1940
Acacia Mut. Ord.	1,935,579	19,437,504
Aetna Life. Ord.	4,887,060	67,057,114
Aetna Life. Grp.	13,437,622	70,401,970
Balt. Life. Ord.	388,800	1,804,931
Balt. Life. Ind.	1,598,341	5,554,850
Bankers, Ia. Ord.	402,916	4,648,977
Bankers Nat. Ord.	3,073,757	12,991,924
Bankers Nat. Grp.	3,500	60,600
Berkshire Ord.	1,027,018	8,789,708
Colonial Life. Ord.	2,549,051	11,876,490
Colonial Life. Ind.	5,868,883	24,634,153
Colum. Nat. Ord.	1,805,792	10,909,650
Colum. Nat. Grp.	62,100	200,682
Colum. Nat. Ind.		1,136
Conn. Gen. Ord.	4,683,493	43,705,471
Conn. Gen. Grp.	2,068,777	6,158,666
Conn. Mut. Ord.	4,759,126	49,828,000
Contl. Am. Ord.	1,622,517	9,910,520
Contl. Assur. Ord.	2,589,636	5,756,636
Contl. Assur. Grp.	632,000	527,500
Credit Life. Ord.	87,517	43,759
Eastern Ord.	35,000	252,553
Equit. Soc. Ord.	9,983,887	181,318,574
Equit. Soc. Grp.	18,844,583	101,869,796
Equit. Ia. Ord.	750,466	9,684,453
Eureka-Md. Ord.	254,912	1,339,188
Eureka-Md. Grp.	5,168	9,923
Expressmen's. Ord.	64,031	632,215
Farm. & Tr. Ord.	310,300	2,250,368
Fidelity Mut. Ord.	1,030,079	12,897,716
Girard Ord.	630,465	9,870,187
Guardian Ord.	2,482,205	22,494,014
Guardian Ind.		2,811
Home, N. Y. Ord.	1,758,808	14,356,854
John Hancock. Ord.	16,636,434	122,717,032
John Hancock. Grp.	11,515,048	24,248,384
John Hancock. Ind.	14,576,351	104,885,493
Lincoln Nat. Ord.	3,621,240	19,762,588
Lincoln Nat. Grp.	4,000	204,494
Loyal Prot. Ord.	16,008	24,300
Manhattan Ord.	2,298,061	5,524,502
Mass. Mut. Ord.	8,062,491	79,609,340
Mass. Protec. Ord.	83,724	1,225,279
Metropolitan Ord.	65,953,169	791,428,625
Metropolitan Grp.	45,612,318	176,057,060
Metropolitan Ind.	49,965,260	534,064,342
Midland Mut. Ord.	400,933	1,960,161
Monarch Ord.	117,064	637,448
Mut. Benefit. Ord.	7,742,496	156,249,271
Mutual, N. Y. Ord.	5,279,851	95,625,875
Mutual Trust. Ord.	519,982	3,453,599
Natl. Vt. Ord.	794,732	7,022,713
New Eng. M. Ord.	3,817,659	49,628,787
N. Y. Life. Ord.	12,636,776	175,613,248
No. Am. Life. Ord.	2,040,823	7,968,666
Northw. Mut. Ord.	8,264,671	124,824,771
Northw. Nat. Ord.	120,528	2,647,258
Pacific Mut. Ord.	512,673	4,786,766
Paul Revere. Ord.	193,297	759,803
Penn Mut. Ord.	8,677,225	109,184,624
Phila. Life. Ord.	803,358	5,102,337
Phila. Life. Grp.	3,000	123,000
Phoenix Mut. Ord.	2,457,185	33,955,305
Postal Nat. Ord.	482,272	1,614,825
Prov. Mut. Ord.	7,410,179	74,254,258
Prudential Ord.	87,153,387	786,005,662
Prudential Grp.	34,065,714	195,450,201
Prudential Ind.	66,537,350	758,329,370
Security Mut. Ord.	693,441	3,349,732
State Mut. Ord.	2,298,237	22,826,061
Sun, Canada. Ord.	3,372,999	53,032,653
Sun, Canada. Grp.	348,252	1,812,703
Travelers Ord.	8,986,297	114,213,684
Travelers Grp.	33,373,287	119,505,323
Union Cent. Ord.	2,663,539	28,515,816
Union Labor. Ord.	170,553	1,155,294
Union Labor. Grp.	289,700	2,325,000
Un. Mut. Me. Ord.	399,671	2,508,833
United Ben. Ord.	2,225,581	4,356,424
United L.A. Ord.	82,555	1,719,456
U. S. Life. Ord.	898,614	4,317,984
Wash. Nat. Ord.	391,899	1,872,616
Wash. Nat. Grp.	36,350	51,251
Wash. Nat. Ind.	4,110,658	6,003,794

Persons Made Agency Organizer

Fred C. Hathaway, Los Angeles manager of Mutual Life, has appointed H. W. Persons of Covina, Cal., agency organizer. He joined the Mutual Life in 1934 and has qualified for the \$250,000 Club each year. He has been district

Dr. Hazard, New England Mutual Editor, Retires

BOSTON—Dr. Willis Hatfield Hazard, who for 25½ years has edited the "Pilot," home office organ of the New England Mutual Life, retired to private life this week and the magazine over which he has labored so long and so well becomes the "Pilot's Log," merged with the "Log," agents' magazine. John Hill, editor of the "Log," will have charge of the combined publication.

Dr. Hazard has been the interpreter of home office procedure so long that his publication has become synonymous with the high ideals of the old New England Mutual Life. He joined the company in 1904 and established the "Pilot" in 1915. Born in West Chester, Pa., 75 years ago, Dr. Hazard received his B.A. degree from Haverford college in 1887, graduated from the General Theological Seminary in 1891 and was given the Ph.D. degree by Harvard in 1894. He served as rector of Episcopal churches in Concord, Pa., and Worcester, Mass., served in the editorial department of D. Appleton & Co. and lectured on insurance in the Harvard Graduate School of Business Administration. He became district manager of the New England Mutual Life at West Chester, Pa., in 1903 and came to the home office in 1915 as head of the department of publications.

The final issue of the "Pilot" contains many tributes from company officials and general agents of the company throughout the country, as well as friends and acquaintances in a broad field.

Dismisses Action for American Union Receivership

The action for appointment of a receiver brought by several policyholders against American Union Life of St. Joseph, Mo., has now been dismissed by the court. The judge ruled that no such action could be maintained as it was not pursuant to the provisions of the insurance code. The plaintiffs have made no attempt to file an amended petition and this apparently is the end of the litigation.

Four Notable Boston Speakers

BOSTON—At the sales congress conducted by the Boston Life Underwriters Association for the benefit of all New England life men March 22, there will be four outstanding speakers. At the luncheon there will be no speakers but instead an unusual entertainment program.

Morning speakers will be Dr. P. L. Rohrer, Chicago psychologist and management engineer, on "Psychological Aspects of Successful Insurance Salesmen" and B. N. Woodson, director of service Sales Research Bureau.

In the afternoon, George J. Kutcher, leading producer of the Northwestern Mutual Life in New York City, who writes over a million of business annually, and A. E. N. Gray, assistant secretary of the Prudential, will be heard.

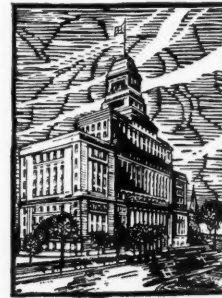
The General Agents & Life Managers Association of Boston will have charge of the luncheon.

Vaughan Heads Organization Club

Carl M. Vaughan, St. Louis general agent for Equitable Life of Iowa, has qualified as president of the Organization Club of 1941 which is composed of 30 agency heads.

E. J. Phelps, manager of the Hoey & Ellison life agency of New York, is vice-president. The club will hold its annual meeting in conjunction with the production clubs convention of the Equitable in Banff July 8-11. Election to office in the club is based on qualifying the greatest number of agents in the 1940 calendar year.

manager for the territory between La Verne and Alhambra.



Highlights from the 94th Annual Report

"Never since the Canada Life was established have its policyholders been more adequately protected."

The total of all new paid life insurance placed with the company in 1940 amounted to \$62,000,586, an increase of \$855,215.

In addition 1,356 new annuity contracts were completed during the year resulting in premiums of \$2,906,286. This is \$1,211,193 greater than in the previous year.

Life insurance in force at the end of 1940 amounted to \$805,704,918. This "in force" figure does not include annuity business, which has again shown a substantial increase.

Total assets have increased by more than \$5,900,000, from a year ago and now amount to \$279,976,043, the highest figure in the company's history. United States assets now amount to \$66,552,184—liabilities \$62,653,012.

The company's unassigned surplus shows an increase of \$476,515.

During the year more than 30,000 checks were sent to policyholders and beneficiaries for a total of more than \$23,500,000. This brings the amount the Canada Life has paid to or accumulated for its policyholders and their beneficiaries since 1847 to more than \$740,000,000—over \$70,000,000 more than has been received in premiums.

THE CANADA LIFE

ASSURANCE COMPANY

Established - 1847

OVER 50 YEARS IN THE UNITED STATES

Home Office, Toronto, Canada

Exemption of \$40,000 Denied on \$110 Form

(CONTINUED FROM PAGE 3)

proceeds of the policy, it was ruled, are taxable as a transfer to take effect at or after death.

In the other case, disposed of without lengthy opinion Mrs. Anna M. Keller of Pittsburgh had secured the annuity providing for annual payments of \$390.84, which cost her \$3,258.20, and an insurance policy of \$20,000 with a single premium of \$17,941.80. She was 74 in 1924 when the contract was executed and died about two years later. The insurance was payable to her daughter. The board of tax appeals reversed the commissioner's decision to tax the proceeds of the policy, but the third circuit court of appeals reversed the board.

The life insurance involved was non-medical, which the companies issued only at a single premium and in conjunction with the annuity, so there was virtually no insurance risk.

The decision that the life insurance portion of a single premium life insurance-annuity contract was not entitled to the \$40,000 exemption ordinarily applicable to life insurance, as stipulated in the internal revenue act, this week drew comments from some of the leading life men that it probably was "poor law" but only to be expected in these times when the drift is rapidly toward heavier taxes and the elimination of tax exemption.

Justice Murphy sustained the commissioner of internal revenue in his contention that the life insurance was subject to estate taxes because the transactions were intended as a transfer to take effect at death and did not constitute insurance within the meaning of the internal revenue act. Justice Murphy phrased it that the proceeds were taxable "as a transfer to take effect in possession or enjoyment at or after death."

Background of Cases

The board of tax appeals had held the proceeds of the contract on the two lives to be exempt, the federal circuit court of New York agreeing with this decision in the LeGierse case but the circuit court of Philadelphia disagreeing in the Keller case.

Apparently these decisions so far affect only single premium life-annuity combination contracts, known popularly among life men as the \$110 contract from the fact a \$10 per \$100 premium is paid, the total consideration per \$1,000 of face amount being \$1,100. The point is whether there was contemplation of death and attempt to avoid estate tax.

Counsel for the LaGierse estate took the position the internal revenue act was specific as to the \$40,000 life insurance tax exemption. It was argued any denial of this exemption would require a change in the law. However, the U. S. Supreme Court appears not to have taken this view, but instead to have attempted to construe what Congress meant by the phraseology of the exemption.

This in the minds of life insurance tax experts raises the question how far the courts can and should go along the line of interpreting acts of the legislature. The line between interpretation and legislation is growing constantly less clear, they say. The phraseology of the exemption provision in the act mentions nothing as to requirements to qualify, other than the possession of up to \$40,000 of life insurance.

Seen as Leveling Process

Tax experts feel this decision is another step in the national program of taking away from the man who possesses property and wealth to give it to those who have not; a breaking down and leveling process.

It is possible, commentators say, the

court may have had in mind the theory in the Chase National Bank case of some time ago in which the \$40,000 exemption was denied, and possibly also another case in which the Sun Life of Canada was concerned.

It is argued by those who hold the supreme court's new interpretation is "bad law" and unjust, that the courts need not go far afield to find very good reasons why a person with surplus money should want to buy the single premium life-annuity combination contract. The return is still very good and can be made to show better than the yield on any government obligations. One of the powerful reasons for desiring the life insurance portion is that the policyholder secures the benefit of

settlement options which he does not have under a straight annuity contract. The combined contract makes an excellent investment which is maintained without management care on the part of the owner, yet at his death the proceeds can be made payable in guaranteed installments to his beneficiary for any number of years certain or for life.

Cases Difficult to Win

It is felt the issue would have been better decided if the cases had not involved two persons so well advanced in years that there was almost a presumption of their contemplation of death when they purchased the contracts. The court seems to have come to the conclusion the primary reason for the pur-

chase was to pass the funds along without a tax being imposed, and, therefore, the contract served as a device for tax avoidance.

Life men say it is not difficult to arrange these contracts so they will meet the requirements for exemption. This is most easily done in a case of joint ownership of the estate, so it can be easily divided. In such case each part owner of the estate purchases the single premium life-annuity combination on the other part owner, releasing all incidents of ownership. Another method of avoiding substantial tax is to use the \$5,000 gift tax exemption, purchasing for \$5,000 single consideration annually a unit of the combination con-

(CONTINUED ON LAST PAGE)



Quality proved by performance

The quality of the John Hancock

Readjustment Income Sales Plan is

daily being proved by the performance of our representatives.

Strongly supported by national advertising, our streamlined method of presenting this plan helps the family man to readily recognize in it a practical solution to a vital problem.



S. T. Pike States His Insurance Program

(CONTINUED FROM PAGE 3)

assist the state with insurance regulatory problems in a manner beneficial to the states, the companies and policyholders generally. We believe it can. Our proposals in this connection are not nearly as far-reaching as any which have been made at intervals since 1865. We propose neither inclusive regulation nor anything approximating wholesale supervision.

How U. S. Could Help

"While the jurisdiction of the states is limited geographically, that of the federal government is nationwide. Moreover, the federal government has the resources to make studies for and to lend its expert assistance to the states so that they may be better equipped to cope with the immensely intricate and clearly interstate problem of life insurance supervision. The federal government should not supplant the states, nor should it interfere with their regulatory procedures. It would seem more desirable that it work with the states on a cooperative basis toward the end that the states may do a better job.

"The basis upon which the federal government might best participate in the field of insurance supervision would seem to be primarily as an adviser and as a collector and distributor of information. Its functions should closely parallel those of the National Association of Insurance Commissioners which has been handicapped by lack of funds and other conditions which would not be applicable if the federal government sets up machinery to assist the individual states."

Would Aid Reorganizations

The national bankruptcy act, Pike said, should be amended to permit any state insurance commissioner or the designated federal agency to apply to the federal district courts to bring about the company's liquidation or reorganization. The pressing need for reform in this field has been recognized by the American Bar Association and leading insurance executives, he said, adding that efforts to obtain uniform state legislation have failed almost completely.

CHECK ON PROMOTERS

"Another problem arises from the necessity of placing greater restrictions on those few insurance promoters and officials who ignore their high position of trust and use their positions for improper gain," he said. "Such individuals usually operate across state lines. They are rarely prosecuted under prevailing state laws. To check the activities of such unscrupulous life insurance promoters and to place restraint on those officers and directors of insurance companies who use their position for ulterior purposes, sometimes wrecking their companies in the process, a further step is necessary."

Should Have Visitorial Powers

"Finally, in order that it may operate efficiently, the designated federal agency should perhaps be given some reasonable and clearly defined visitorial powers over all interstate companies. Though the right to examine companies doing business in more than one state should be exercised only with considerable restraint, it would enable this agency to determine whether an impairment of reserves exists in the case of any particular company. Furthermore, the agency must have such powers if it is to curb activities of 'phantom' companies or to police the statute governing the conduct of officers and directors. The agency would also be implemented in its endeavors to strengthen existing systems for reporting life insurance transactions and when the occasion arose would be able to check the accuracy of items contained in the information filed with it.

"The power of the designated agency

to visit any registered company will also permit to test occasionally the efficiency of state regulation in a particular area and if unhealthy conditions were found, the publicity attendant upon such disclosure of such conditions would serve to bolster the standards in the wayward states."

Denies SEC Wants Job

Observing that he had not specified the particular agency of the federal government which he felt best qualified to undertake this task and disclaiming any wish to make a recommendation, Pike made it clear that there was no desire to increase the SEC's powers to supervise insurance. The SEC, he indicated, already has plenty on its hands.

"Perhaps because of the many unique and technical problems which will be encountered serious consideration should be given to the desirability of creating a new commission," Pike said. "If this step is not deemed desirable, we are confident that their existing agencies are competent to undertake the task outlined above. Whatever agency may be selected should consist of impartial, able men with technical training and facilities at their disposal which would assure their making a definite contribution in the field of insurance."

ADVISORY COUNCIL

Pike also recommended that in order to give every possible encouragement to state regulation and to assist company managements in solving their own problems without legislative compulsion that there be created an insurance advisory council which would function in close cooperation with the designated federal agency. This council might consist of three representatives of the designated federal agency, three state insurance commissioners elected by the National Association of Insurance Commissioners, three company officials and three policyholders.

Selection of Council Members

The company officials and policyholders' representatives would be appointed by the president with the consent of the senate and appointments should be made with due regard to sectional interests and the divergent interests of the companies. The function of this group would be purely advisory. It would meet regularly, the members receiving expense money and a modest per diem compensation for their services. The council would be required to submit a written report once a year to congress on the state of the insurance business. It could use the facilities of the federal agency to make such factual studies as it required for the basis of its reports.

How to Strengthen States' Hands

In connection with his 10 recommendations for strengthening state regulation Pike expressed the hope that the TNEC "will exert its influence in the direction indicated by the proposals." These proposals are as follows:

1. Insurance commissioners should be appointed by a responsible executive (in all cases subject of course to confirmation by the proper state body and their selection should only be made with regard for the appointee's experience and qualifications.)
2. The tenure of office of the insurance commissioners should be increased substantially and in so far as possible competent commissioners should be continued in office regardless of their political affiliation.
3. The salaries of insurance commissioners should if possible be substantially increased.
4. Insurance commissioners should not be obliged to undertake any duties other than the regulation and supervision of insurance companies.
5. There should be substantial in-

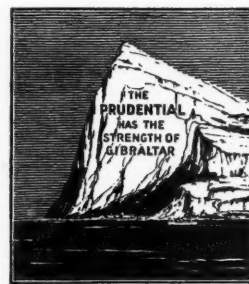


His Pride Is Justified

This insurance agent is not on a selling mission. He is simply calling on these old policyholders who followed his advice years ago and prepared for the independence they now enjoy.

And as he recalls the part he played in their purchase of such security, he may be thinking of the stirring words of Pindar, Greek lyric poet, who wrote:

"A graceful and honorable old age is the childhood of immortality."



The Prudential
Insurance Company of America

Home Office, NEWARK, N. J.

creases in the budget for insurance departments of most states.

6. The personnel of most insurance departments should be increased. The work of an insurance department should be undertaken only by full time qualified employees whose pay is sufficient to make them conscious of their responsibilities and free from insurance company or political influence. The employment of special outside examiners should be discontinued. The development of a civil service in state insurance departments is highly desirable. Companies should no longer be required to pay the salaries of examiners. If they must be charged for examination the necessary amount should either be collected by a lump sum charge set in advance and paid by the company directly to the state treasury or preferably be collected through an appropriate state tax.

More Frequent Examinations

7. State insurance supervisory officials should strengthen examination procedures particularly in respect of companies domiciled within their state. The desired improvement would include more frequent examinations in some states, more competent examiners, greater publicity to and full release of all examination reports, and the undertaking of examination which would give greater attention to the insurance operations as contrasted with the purely financial aspects of the business.

BETTER LICENSING

8. Closer regulation and supervision of agency practices is required. Present laws for licensing agents are all too frequently administered purely as revenue measures. Agents should be required to show more adequate training, better prospects for financial success, and greater knowledge of the life insurance business. Furthermore, state supervisory officials should give more attention to such matters as company training courses, sales contests, compensation arrangements, etc.

9. The number of policy forms should be reduced and greater attention given to establishing standardized policy forms or policy provisions acceptable in all states. The present confusion in this field is most undesirable.

10. State supervisory officials should more closely scrutinize activities of officers and directors and generally make more thorough checks on the competence and activities of company management.

Cites Three Problems

Three additional problems revealed by the insurance study which Pike said could be met most intelligently through improved state supervisory machinery were the "necessity" of liberalizing the laws governing life company investments; the desirability of placing state supervisory authorities in a position to police intercompany agreements restricting competition; and the development of techniques for giving policyholders greater representation on the boards of stock and mutual companies.

Since life company investments are trust funds it is not surprising, he said, that state laws have traditionally followed a broad pattern of permitting investments in bonds and forbidding investments in common stocks. On the other hand companies are having difficulties investing their funds because of the increasing amount to be invested, the shrinking supply of industrial bonds and the low interest rate on all types of debts, in many cases inadequate for reserve requirements.

On the other hand, he said, life companies, "by far our most dynamic savings institutions, are by their operation directing an increasing amount of capital away from semi-speculative or what might be called in the broadest sense of the word venture enterprises." He predicted that these investment policies, by encouraging debt financing may eventually seriously disrupt the very business

foundation upon which their prime trustee securities rest.

While recognizing that life company funds should not be recklessly invested in highly speculative securities he said that there does appear to be room for the long term investment of a portion of companies' funds in common stocks of substantial corporations with an established record of earnings. Saying that liberalization of investment laws to permit life companies to invest a small percentage of their funds in common stocks would stimulate healthier financial structures and have a wholesome effect on the general economy, Pike suggested that the respective states give serious consideration to liberalizing their laws in this direction.

Shouldn't Join on Rates

While much can be said for permitting life companies to act occasionally in concert to arrive at a certain amount of standardization in respect to specific matters having to do with policy provisions and possibly underwriting practices, no agreements should be permitted where their effect is to prevent any one company from developing new services and new sales techniques which are actuarially sound nor should life companies be permitted, as they have in the past, to fix rates through direct or indirect arrangements of any kind, Pike said. The business should be conducted on a competitive basis with emphasis on management efficiency rather than on sales technique, he said.

As for policyholder representation, Pike said that while no single solution can be suggested he felt that there is much room for experimentation and study and that a successful effort can be made through a combination of devices to increase at least the potential power of the policyholder actually to select and elect directors. At the same time he recognized the danger of going too far in this direction and said that "nothing should of course be done in this field which would enable irresponsible groups acting from improper motives to seize control of life insurance companies."

Wants Growth Restricted

Saying that life insurance is not only one of the largest American industries but one which has "perhaps the greatest potentialities for future growth," Pike suggested the advisability of some limit on company size. While refraining from any specific recommendations, he said that the question is one of broad public policy which the committee itself is alone qualified to consider in the light of its numerous studies of size in other fields. He recommended that the entire question of size in the life insurance business be further studied by an appropriate agency of the federal government which would be directed to make a report to congress on specific aspects of the problem.

SIZE MAY NEED STUDY

"If, however, this committee should now determine upon an initial program designed to deal directly with the problem of size, we should like to point out that the life insurance business, because of its immensity and the unique character of its operations, is one of the first industries where some restrictions might well be considered," he said.

Gives Several Approaches

"While, as has been stated, our studies have not progressed to a stage which would justify our making specific proposals, several possible approaches to the problem are indicated. Among the steps which might be taken to limit the size of life insurance companies or dilute their concentrated economic power are: placing restrictions on insurance companies in respect of the sale of annuities and other policy contracts when the saving element is predominant, encouraging the development of savings bank life insurance, enacting tax legislation which

of a Billion Dollars of Life Insurance in Force!

Over Three-Quarters


Gain in
1940
Approximately
\$65,000,000

The
**NATIONAL LIFE
AND ACCIDENT
Insurance Company, Inc.**

C. A. CRAIG, Chairman of the Board

C. R. CLEMENTS, President

HOME OFFICE
NASHVILLE



NATIONAL BLDG.
TENNESSEE

would make growth beyond a certain point undesirable from a business point of view, restricting the amount of assets which a company may control, limiting the amount of new business which a company may write, encouraging the growth of smaller companies, prohibiting various types of interlocking directorships, restricting the continual development of private placements which are rapidly concentrating many security issues entirely in the hands of the largest companies, preventing insurance companies from organizing subsidiary companies; preventing investment in interlocking companies or limiting the amount of money any insurance company may invest in the securities of another corporation.

"All such steps are drastic. The extent to which they would reduce concentration of economic power in the insurance business is problematical. As to whether all or any of them should be adopted is a matter of broad national policy which only this committee with the results of all its studies before it can undertake to decide. In the meantime, we again call your attention to the recommendations we have already made that states should be encouraged to permit insurance companies to make careful investments in high grade common stocks."

Wants Industrial Eliminated

Pike's most drastic suggestions dealt with industrial insurance. These recommendations look toward nothing less than the complete elimination of this form of business, although its sale would not be prohibited until adequate substitutes were provided. He made it clear that whatever governmental insurance scheme is devised to take the place of industrial, the federal government should not be in the position of competing with companies selling ordinary.

Most of the criticisms which Mr. Pike made of industrial insurance were summaries of points brought out at the hearings or made in the study of industrial families in Boston. He said that the three largest companies selling this type of insurance and also several smaller companies have, partly under the pressure of public opinion and partly at their own volition, instituted many industrial insurance reforms.

"Inherent Evils" Remain

"The quality of their service in this field is far better than the other 100-odd companies and indeed many of the abuses indicated above are less apparent in their operations," he said. "About 50 percent of the new business is written by companies not in this category, however, and as to all companies the evils apparently of necessity inherent in industrial insurance remain."

Pike expressed doubt that state legislation could "eliminate the basic difficulties," but admitted that satisfactory substitutes for industrial must be found before that coverage is eliminated.

INDUSTRIAL NEEDED

"In spite of its high cost, excessive lapsation, maldistribution and other evils, industrial insurance now provides a type of protection earnestly desired by great segments of the population," he said. "Private companies cannot provide a substitute. True, the situation will be alleviated to some extent by the development of monthly debit ordinary insurance and an extension and development of savings bank life insurance. It appears to us that the only adequate substitute can be obtained either through extension of federal and state social security programs to provide a lump sum death benefit for all the populace in an amount sufficient to cover burial and to compensate for expenses attendant upon the last illness, or through the development of a system for selling burial benefits through the facilities of the postal system. Such programs are feasible and would give wider protection at far less

cost than is now possible under industrial insurance.

"In the light of these considerations, we recommend the extension of social security benefits or the development of some other program such as the sale of insurance through the postal system to the end that industrial insurance would gradually disappear. Nothing should be done to cancel existing policies to cause a serious dislocation in the insurance programs of policyholders now holding this type of insurance. Furthermore, the plan should not be so drawn that it would place the federal government in competition with those companies selling ordinary insurance. The problem is complex and will require careful study. It would be a proper subject for consideration of the insurance advisory council should such a body be created."

No "Attack on Life Insurance"

Pike emphasized that the suggestions and recommendations he made should not be considered an attack on life insurance. The life insurance business has had a remarkably consistent development he said, and has in most cases fully justified the confidence of its policyholders. He disclaimed any desire "to place the government in a position to tamper with insurance investments, to control investment policies or to interfere in any way with the companies' free exercise of managerial judgment." He attributed "undesirable" practices and tendencies mainly to procedures inaugurated years ago, which have developed, because of changing times, in ways different from what was intended.

Denies "Big Business" Charge

In the section of his prepared statement dealing with investment laws, Pike interpolated a denial of newspaper reports that life insurance funds go into big business. He said that no such statement was to be found in Monograph 28, which covers the SEC investigation of insurance, or any release or report put out by the SEC in connection with the insurance study.

"All of us know the insurance companies have made substantial investments in homes and farms," he said. "May I also emphasize that the recommendations with respect to common stock investments are submitted for the consideration of the respective state legislatures? We have not made and do not expect to make any recommendations which will be designed to give the federal government authority to regulate life insurance investments."

Though Pike did not mention it, the newspaper reports to which he referred were quotations from an interview with Chairman O'Mahoney of the TNEC in which he said that life insurance funds are available only for big business enterprises.

O'Mahoney Is Critical

While not mentioning this point specifically, O'Mahoney, during the discussion period which followed Pike's statement, expressed misgivings about Pike's proposal to permit companies to invest in common stocks. O'Mahoney thought that this would tend to give insurers even more control over industry than he felt they now have. He pointed out that to the extent that the companies invested in common stock rather than in bonds, they would become owners rather than merely creditors and that such a policy would "serve only to make worse a situation which needs correction, namely, decentralization."

Recalling the interlocking directorates, which he termed one of the significant phases of the insurance study, O'Mahoney said that if large insurance companies were to invest in common stocks it would be absolutely impossible to break down interlocking directorates.

Pike Offers Safeguards

Pike countered by saying that safeguards could be thrown around the proportion of common stock that any one insurance company might hold; second, the proportion of the total issues of

any one company that can be held by any one insurance company could be limited, and, third, the sterilization of the vote of any common shares held by such an institution so that it would be a mere investment and could only vote in stated circumstances such as a change in capitalization but could not vote for directors.

O'Mahoney said that after all the listening he had done in the TNEC hearings he was convinced that the remedy would be found not along the road of additional concentration, either in business or in government, but through stimulation of free private enterprise and

that by free he did not mean semi-public. He emphasized that an insurance company, particularly the large mutual company, is not actually a private enterprise but is as much a public enterprise as a city.

Insurance Likened to City

"It is the activity of a large group of people," he said, "managed not by those people who are the beneficiaries, but by a management group which is selected according to state law—that is concentration of power. It isn't necessary to say that such concentrated power has been used disadvantageously

Every Family Is a Little Nation



AND, AGAIN IN 1940,

NEW ENGLAND MUTUAL

Brought Protection to Thousands of Them!

IN PAYING vast sums for armaments to guarantee the future security of its citizens, America has, in effect, *taken out life insurance!*

Every family is a nation in miniature, with much the same problems. Last year this Company paid out nearly \$38,000,000 to bring protection to thousands of families whose *personal* defense programs had *already* been entrusted to its care.

Since its organization, New England Mutual has paid \$750,000,000 to safeguard the futures of its policyholders and their beneficiaries. In a century of experience covering four wars and seven major depressions, sound principles of trusteeship have enabled this sturdy old Company to move forward steadily and constructively, faithfully carrying out all guarantees to its members.

In the past eleven years, as difficult a period as any in the history of our country, New England Mutual's insurance in force has increased over 33% and its total assets have *more than doubled!*

97th ANNUAL STATEMENT

DECEMBER 31, 1940

New Life Insurance.....\$ 114,000,000

Including Additions and Revivals

Insurance in Force.....\$1,607,000,000

33 millions more than ever before

33% more than at the end of 1929

Assets.....\$ 501,705,000

Increase of \$32,845,000 over last year

More than double the total at the end of 1929

Liabilities.....\$ 480,391,000

Includes \$8,500,000 for 1941 dividends

Surplus and Contingency Funds.....\$ 21,314,000

COMPLETE ANNUAL REPORT GLADLY SENT UPON REQUEST

NEW ENGLAND MUTUAL

LIFE INSURANCE COMPANY of BOSTON

George Willard Smith, President • Agencies in Principal Cities Coast to Coast
STEADFAST PROTECTION THROUGHOUT THE WARS AND DEPRESSIONS OF A CENTURY

semi-pub-
insurance
ge mutual
private en-
buc enter.

group of
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atageously

or that it has been abused. The significant thing in my mind is that the existence of the concentration itself is one of the factors that stifles the individual development which is essential to the democratic system.

Assistant Attorney-general Thurman Arnold, representing the Justice Department, wanted to know if Pike had found that the inability of insurance companies to buy common stock has been causing corporations to do their financing through bonds rather than through stock issues, thus cutting down the opportunity of private individuals to buy stock.

Replying that "that is one of the most frightening things in our financial set-up," Pike said that it should not all be laid to the insurance companies, but a good deal of it is caused by the income tax laws which give a tax advantage to debt financing.

Hits Common Stock Plan

A representative of the Commerce Department made the point that the type of high grade common stocks with excellent earning records is in a field where there is no need for new money.

In answering questions from others on the committee Pike made it clear that his recommendation for greater control by policyholders over the management of companies applied solely to the directors and that he would favor continuity of management so long as it continued capable. He said, however, that in every sort of company and with almost every sort of management there comes a time when management itself needs a good shaking up.

"Experience isn't everything," he said. "Experience sometimes can be a very bad teacher if he has learned in a school that applied facts that no longer exist."

Federal Money the Camel

Representative Summers of Texas, TNEC vice-chairman, was skeptical of Pike's proposal for extending the federal government's power to insurance. As for using federal money to aid the states in their regulation of insurance, Summers observed that "federal money has a good many of the characteristics of that famous camel—he generally follows his nose and if he gets in the tent he crowds the states out, pretty largely." He said that Pike's proposal was another indication of the increasing dependence of the states upon the federal government for money to operate their most intimate and most local governmental activities. He said that while it might not actually be an indication, it would be persuasive to the average person and added, "I think we have got a bar, rather chronic, attack of 'federalitis' anyhow."

Assistant Attorney-general Arnold, while agreeing with Summers' fear of increasing federal regulation in taking away powers from the states, differed as to his diagnosis of how the camel got into the tent.

"I have always believed," he said, "that the creation of a twilight zone under the guise of protecting states' rights, a zone where nobody could effectively act, has created a situation which may suddenly require drastic federal action."

Fears More Drastic Action

"You do not increase state powers, nor do you increase popular confidence in state powers by telling the state governments to act and control the situation when you know as a practical matter that they can't control it. So it seems to me that the real problem here is whether the states can control this thing. If they can't, then the quickest way to move the camel into the tent and get all the other camels in is to ignore it, pretend they are exercising state powers, and wake up after the war and find that we have got to take legislation and actions far more drastic than would have been necessary otherwise."

In spite of his misgivings about extension of federal control, Summers volunteered to aid the enactment of laws which would guard state frontiers against the use of mail and radio to

(CONTINUED ON LAST PAGE)

Wash. Department Subjected to Attack

SEATTLE—Criticism of the administration of Commissioner Sullivan's department, in addition to several other state offices, was voiced by Representative Montgomery in a report submitted to the Washington legislature.

Montgomery, who is chairman of the house appropriations committee, said Sullivan's appropriations request for the coming biennium is excessive. The report asserted that the office could be operated for \$141,889 less than Sullivan's estimate.

It was charged that since Sullivan took office in 1933, the four ensuing biennial appropriations were increased successively. "Notwithstanding this, the department has asked for greater and greater amounts, the request for the ensuing biennium being nearly double the request for 1933 and nearly 2½ times the actual appropriation in 1933," the report charged.

Report Is a Bombshell

The report which was focused principally upon Sullivan's department, came like a bombshell in the closing two weeks of the legislature. Increases were

attributed to additional personnel and "slight increase" in activities, request for "unnecessary amounts for salaries of examiners" and a general increase in salaries.

Compensation of examiners drew the most criticism from the committee. The report stated: "The insurance code requires the commissioner to examine the books of insurance companies domiciled in other states, under certain conditions* * *."

"The commissioner has employed several examiners for this purpose. In practice, when these examiners are working outside the state, their salaries are paid by the insurance companies being examined and there is no expense to the state."

"Notwithstanding this, the commissioner has invariably requested 24 months' salary for these examiners." Salaries thus unnecessarily requested for the biennium are alleged to be \$61,114.

The report discussed alleged "unnecessary and inefficient services," dealing principally with the method of conducting examinations under the agents' qualification law. "There were at least 39 examinations in Seattle, or an average of three per month for the period, eight in Vancouver, seven in Yakima, six each in Walla Walla and Bellingham." Ninety were listed altogether.

Reveal Facts About First Life Insurance Purchases

Penn Mutual gives a report on an interesting survey that was made by C. Hampton Price, one of its representatives in Salt Lake City, who has been in the business just nine months. Mr. Price queried 104 successful business and professional men on how old they were when they purchased their first life insurance contract, what kind of a contract it was, why the first policy had been purchased and the man's income at the time. He got 52 replies, indicating an average beginning age of 21 years with the size of the first contract averaging \$2,465.

Thirty-eight percent bought ordinary life, 38 percent 20 pay life and 22 percent 20 year endowment with the rest miscellaneous. Forty-six percent had bought the policy for investment, 30 percent protection for wife or family and 25 percent for protection of parents. Of the group, 24 percent had been married and had families and 6 percent had just been married. The average income at the time was \$105 a month.

About 50 percent replied that if they had to do it over again, they would take the same policy while the rest said they would try to buy a larger amount.

PRESTIGE -- COOPERATION -- CONTRACTS

Success of Fidelity agents is furthered by the prestige of the Company, the cooperation it offers and the wide range of its policy forms. These factors are backed by the reputation it has earned for friendliness to agents and to policyholders.

Founded in 1878. Assets more than \$132,000,000. Insurance in force more than \$370,000,000. Originator of "Income for Life," Disability and Accidental Death benefits. Operates in thirty-six states, including New York and the New England states.

Effective training course. Ample working tools. Supervision and assistance in the field. Pre-approach and lead producing direct mail services. Special plans for package and program selling. Fidelity agents are well equipped with these advantages.

Contracts include all the regular life and endowment plans, Modified Life, Family Income, Family Maintenance, "Income for Life," Modified "Income for Life," Disability Income, Term to 65, Juvenile (age one month on) standard and substandard.

Prestige, Cooperation, Contracts, Friendliness — are assets that promote the success of Fidelity agents.



One of a series — Giving facts about the Fidelity.

The FIDELITY MUTUAL LIFE
INSURANCE COMPANY
PHILADELPHIA

WALTER LEMAR TALBOT, President

EDITORIAL COMMENT

Vision in State Supervision

THE new Illinois state insurance director Paul F. Jones, left a most excellent impression on the insurance attendants at the luncheon tendered him in Chicago under the auspices of the Illinois Insurance Federation. It was a typical insurance crowd that desired to see at first hand the new official and evaluate him.

One point he made strikes us as particularly significant and reflects credit on a commissioner so young in office. He unequivocally championed state insurance supervision but he added that mere blind sponsorship of that plan as opposed to federal control is not sufficient.

Why is there any need for federal

supervision? What are the arguments for it? Why doesn't state administration fill the bill? Director Jones stated that there are some weaknesses in the state system. They should be frankly acknowledged and not dodged or condoned. If state supervision is to survive it should justify itself.

Director Jones declared it would be his purpose to study intelligently the criticisms directed against state supervision and so far as Illinois is concerned endeavor to get its department so constructed that it would and could honestly defy these critics. A mighty fine policy we say and if followed by other states, federal supervision will be buried.

Recognition of Advertising Department

THE Phoenix of Hartford in announcing some promotions included in the list the resourceful and capable manager of its advertising department, John Ashmead. He was appointed general agent.

We are delighted to see men in the advertising and publicity departments at head offices recognized since they are doing a constructive and valuable piece of work and rendering genuine service. A few years ago David Gibson, successful head of the advertising department of the Maryland Casualty and now president of the Insurance Advertising Conference, was elected vice president.

It is true that the advertising manager for the most part is a new factotum at

head offices. He has had to justify his existence and do much pioneering. It required ingenuity and an imaginative, yet practical mind. There was no one in the organization that could lend a hand, since no one was experienced in that line. Hence the head of the department was usually forced to work out his own destiny and establish his own place.

The results that have been achieved by these men have been remarkable. Their product has been very helpful not only in publicizing their companies but they have gotten out most helpful sales material for agents. They have made their departments a distinctive part of the organization.

Return to Greater Simplicity

IN one of the most thought provoking addresses of the day, A. R. Jaqua of Cincinnati, associate editor "Diamond Life Bulletins" before a Saturday morning forum of the Chicago Life Underwriters Association, made some observations on the trends of the times. It is well worth perusing. The summary was published in THE NATIONAL UNDERWRITER of Feb. 21. He gave a most intelligent and penetrating analysis of some of the current features in life insurance operations.

Let us consider just one. Mr. Jaqua opined that too many salesmen believe that to be successful and impress their clients they must be adept in the more complicated cases, such as offering pension trusts, group annuities, coverage for taxes, elaborate programs and the

like. Mr. Jaqua himself would acknowledge there is a need and place for such insurance salesmen but not very many. After all, prospects that require such technical analysis of their needs are not so numerous. The vast majority of people do not need any involved analysis of their insurance requirements. A simple program will do the work.

Many successful salesmen reduce their arguments to very plain terms such as "If you die your family will receive \$50 a month for five years." If a policyholder is building an insurance estate, he should have a program or formula to follow but it should be devoid of tassels and fringes. Life insurance in its naked form tells its own story effectively.

Salesmen who are performing a real

service for men of large incomes and obligations, for corporations of size, should be adepts.

Mr. Jaqua expressed the opinion that not one out of 20 agents have any right, as he put it, "to monkey with these complicated cases." We would say his estimate is too conservative. Many fairly successful agents have utterly ruined their future in the business by convincing themselves they should be

tax, will, program, trust and corporation experts. The great insurance work after all is to be done on the ground floor with the laborers in the vineyard, the splendid people who have modest incomes, who are raising families and desire to protect their dependents to the best of their ability. It does not require a wizard to give intelligent advice in such cases nor does it involve an elaborate program.

PERSONAL SIDE OF THE BUSINESS

C. M. Cartwright, managing editor THE NATIONAL UNDERWRITER, reported at his office in Chicago Monday after an absence of three months. He sustained a very serious abdominal attack in New York City the first week of December. He was confined to his bed there for a month and then went to his home at Evanston, Ill., where he has since been recuperating.

President Stanley D. Long of Pathfinder Life of Grand Island, Neb., is letting his chest expand somewhat these days because his daughter, Miss Phyllis H. Long, who is enrolled in the insurance courses in the College of Business Administration at the University of Nebraska, was graded 100 percent on her thesis in which she takes apart very neatly the arguments of the famed Gilbert brothers, authors among other things of the volume, "Life Insurance, a Legalized Racket." She demonstrates an understanding of the fundamentals of life insurance and writes with facility.

C. E. Eddleblute, Denver general agent Penn Mutual Life, has been appointed educational committee chairman of the Denver Y.M.C.A. to expand the day and night classes in its educational and adult recreation program. Before entering the insurance business, Mr. Eddleblute was superintendent of Clayton College of Denver.

F. M. Petree, special assistant to Commissioner Read of Oklahoma, entertained with a stag dinner in honor of Federal Judge Royce Savage, also a former assistant commissioner. Guests included Commissioner Read and two other former assistants, J. B. Thompson and Leonard Savage.

G. M. Hughes, home office agency supervisor in the accident and health department of Union Mutual Life of Maine, and Mrs. Hughes have been enjoying a vacation at Havana.

Nathaniel Reese, veteran general agent of the Provident Mutual in Detroit, celebrated his 69th birthday in Miami. Oldest general agent of the Provident, he had been in the business 15 years before he went to Detroit in 1900, which gives him a record of 56 years in life insurance.

George L. Dyer, St. Louis general agent Columbian National Life, recently celebrated his 30th anniversary with the company. He organized the George L. Dyer Company when he became associated with the Columbian National in 1911. He has been active in organization work and was general chairman when the National Association of Life Underwriters met in St. Louis in 1939.

His agency has piled up the largest accident and health account for the company and is also well up in life insurance production. His son, George L. Dyer, Jr., has also in his own right become one of the midwest's best known insurance men, especially in the accident and health field.

Lee J. Dougherty, vice-president Occidental Life of California, attended the opening in Chicago of his company's new branch office there under direction of A. E. McKeough, manager, then proceeded to Washington, D. C., to attend the meeting of the insurance division of the U. S. Chamber of Commerce, of which he is a director.

Commissioner Morin of Rhode Island is claiming a new record for insurance commissioners. In one week both of his sons were ordered into army service. The elder, Dr. H. Gerald Morin, a practicing physician in St. Petersburg, Fla., is a first lieutenant in the medical corps at Fort Benning, Ga., attached to the armored tank division. The second son, Paul E. Morin, is lieutenant in the infantry stationed at Fort Devens, Mass. He has been working as an adjuster for the American Automobile since his graduation from the University of Maine in 1940.

Ben Bloch, veteran Peoria, Ill., agent of the Equitable Life of Iowa, who rounded out 25 years of such service March 3, was presented a 25-year diamond service button in a ceremony before the agency by Herman Silzer, general agent.

R. E. Henley, vice-president and general counsel of Life of Virginia, who has now gotten the better of a dangerous illness, was able to attend his company's recent convention of district representatives at New Orleans. He went to New Orleans from Florida, where he had been recuperating.

M. J. Lesnak of the Youngstown agency of the Ohio State Life has completed 7½ years of consecutive weekly production. He has been a member of the company's honor club for 15 years.

E. D. Burnett of the new business department at the home office of the Mutual Benefit Life has rounded out 50 years with the company and was given a desk set by his associates and members of the Veterans Club.

L. J. Fohr, general agent for Connecticut Mutual Life, Chicago, and Mrs. Fohr have just returned from a long motor trip in the south. The 5,500 mile tour took them through Florida, along the Gulf coast to Brownsville, Tex., and down into Mexico. On the return north, they stopped at the Dale

THE NATIONAL UNDERWRITER



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Shepherd agency of the company in Houston, the Archie Helland agency in San Antonio and the E. F. White agency in Dallas, so that Mr. Fohr could address all three groups on employee insurance plans.

A dinner was given in Cincinnati Thursday night in honor of J. C. McFarland, Cincinnati manager Ohio State Life, who led the field force in insurance written in 1940. From the home office there were present President Claris Adams; Frank L. Barnes, vice-president and agency director; Frederick E. Jones, Jr., director, and R. G. Leuzinger, manager of the Columbus agency.

F. L. Klingbeil, Prudential ordinary manager in Detroit, will be chairman of the banquet and initiation of the University of Michigan chapter of Beta Theta Pi in Detroit March 8. Wendell Willkie, a member of the fraternity, will be the principal speaker.

Herb Hubertz, cashier of the Herman A. Zischke agency of Union Central Life, Chicago, became the father of an eight pound boy. The son, who has been named John Michael Hubertz, was born at the Highland Park, Ill., hospital. Mr. and Mrs. Hubertz have one other child, Rita, age 5.

C. J. Zimmerman, general agent Connecticut Mutual Life, Chicago, immediate past president National Association of Life Underwriters, was guest speaker at a luncheon meeting of the W. V. Power agency of that company in San Francisco. He left for Los Angeles, where with other National association officials he participated in a program presented to life underwriters in that territory.

Charles K. Brust, Jr., of the Los Angeles general agency of the Union Central Life, is now in training as a cadet at the Navy aviation school, and expects shortly to win his wings. He is the son of Charles K. Brust, Los Angeles general agent Guardian Life.

DEATHS

Julius Stover, 73, district agent of the National Life of Vermont at Evansville, Ind., for more than 25 years, died at his home after an illness of five years. He had continued in his work in spite of illness, having written an application the day before his death.

B. F. Greene, Sr., one of the founders of the Piedmont Life of Greenwood, S. C., later absorbed by the American Home Life of Jacksonville, died in Anderson, S. C.

Pension, Bonus Trusts Popular

CINCINNATI—E. E. Starr, supervisor of the employee insurance department of the Connecticut Mutual Life, conferred with the W. T. Earls agency in Cincinnati. He is on a coast-to-coast tour for his company, which has set up over 300 pension and bonus trusts involving \$16,000,000 insurance.

Mr. Starr reported that plants and corporations, especially in defense centers, are showing growing favor to a pension and bonus trust plan of insurance for salaried executives and aides desiring to supplement their social security benefits.

C. M. Chichester, director of the division of securities of the Virginia corporation commission, has been appointed director of statutory research and drafting, succeeding W. R. Shands, who resigned to join the legal staff of the Life of Virginia. For many years Mr. Chichester was counsel of the corporation commission.

OPPORTUNITY:

Live, progressive Catholic life insurance organization has good territory open in Wisconsin and Minnesota for men with proven production record, who are willing to work on a full-time basis. Only men with sales experience, good personality and approach need apply. All replies will be held strictly confidential. Address inquiries to Box M-66, The National Underwriter, 175 W. Jackson Blvd., Chicago, Ill.

COMPANIES

American Mutual Life Names Agency Secretary

Bert R. Merrill, Jr., of Des Moines, has been appointed agency secretary of the American Mutual Life. He has been active in sales work and insurance work in Des Moines since 1930. He



BERT R. MERRILL, JR.

was with the Devoe & Reynolds Paint Company prior to 1934. He then became agent and supervisor for the central Iowa agency of the Massachusetts Mutual and in 1939 he became Des Moines manager of the Mutual Trust Life.

Mr. Merrill will assist in sales promotion activities of the American Mutual Life and will also have charge of agency contracts and records. He was educated at the University of Southern California and has been active in Des Moines Junior Chamber of Commerce activities.

Kennedy Traveling Auditor

E. L. Kennedy, branch secretary of the Canada Life in Detroit for 11 years, has been promoted to traveling auditor, effective March 15. Miss Alice Leslie, acting branch secretary, will assume his duties in Detroit. J. G. Heathcote is acting branch manager.

Western Mutual Home Office Item

Western Mutual Life of Fargo, N. D., for the first time carries an asset item in its annual statement pertaining to home office property. During the year Western Mutual purchased a two story

New Secretary, Assistant Secretary of Capitol Life



W. F. SCHMAUSSER



A. H. OWEN

W. F. Schmausser, who has been identified with Capitol Life and the Daily interests of Denver since 1912, has now been made secretary. Since 1936 he has been a director and assistant treasurer.

A. H. Owen has been appointed assistant secretary. He has been with Capitol Life for about a year in charge of the policyholders' service department.

The UNION CENTRAL BULLETIN BOARD

AVERAGE POLICY WRITTEN IN U.C. IS MORE THAN TWICE THE AVERAGE OF AMERICA'S LEADING COMPANIES*

Average Policy Bought in 80 Largest U.S. Companies

\$2,248

Average Policy Bought in Union Central

\$4,520

Policy No. 1332786

THE UNION CENTRAL LIFE INSURANCE COMPANY
CINCINNATI, OHIO

Insurance on the Life of
Average Policyholder

Amount \$ 4,520.00

Date of Issue December 4, 1939

Premium \$ 117.60

Premiums due December 1st.

John Doe Agent

James J. Blank Gen'l Agt.

PRUDENTIAL LIFE COMPANY

Insurance on the Life of

Amount \$ 2,248.00

Date of Issue December 4, 1939

Premium \$ 117.60

Premiums due December 1st.

John Doe Agent

James J. Blank Gen'l Agt.

*Figures from The Life Insurance Courier, July 1940 (page 285).

building that was in receivership, at what appears to be a most favorable figure. The current appraisal made by an independent expert fixes the value of the property at more than \$46,000. The company's total investment was less than \$26,000 and the property is being carried at acquisition cost. The building is in excellent condition and provides adequate space for expansion.

Register Life Lien Again Reduced

Occidental Life of Los Angeles has announced another reduction of 20 percent in the liens against policies of the former Register Life of Davenport, the sixth decrease and the largest of any announced.

Other reductions were: 1936, 12 percent; 1937, 12 percent; 1938 6 percent; 1939, 10 percent, and 1940, 12 percent.

Register Life was taken over for management in September, 1934, by the former Guaranty Life of Davenport, which effected the lien reductions in 1936 and 1937. Occidental Life reinsured the Guaranty Life in 1937.

Equitable Society Appointments

President Thomas I. Parkinson of Equitable Society has made the following home office appointments:

W. H. Mendel and Arthur M. Brown, assistant counsel; Wendell A. Milliman, Ray M. Peterson and W. J. November, associate actuaries; Fred P.

Sloat and W. W. Mincks, assistant actuaries; D. D. Cody and Harry Walker, mathematicians; R. P. Coates and M. J. Goldberg, assistant mathematicians, and Glenn W. Smith and W. R. Morgan, assistant auditors.

Pay on Partly Paid-Up Policies

ST. LOUIS—Circuit Judge Flynn has approved a recommendation of Superintendent Lucas that the Central States Life be permitted to pay death claims in full on partly paid-up policies.

The order applies to persons who have used accumulated policy reserve values to purchase fully paid-up insurance. The status of such policies was not clear under prior court orders. Other death claims are being paid in full under the prior orders.

Continue Peoria Life Hearing

PEORIA, ILL.—Hearing on the final report of C. V. O'Hern as receiver of the defunct Peoria Life again was continued to May 5.

The additional delay was necessitated because of the receiver's petition for rehearing of a supreme court ruling in favor of former agents of Peoria Life involving about \$500,000 in claims, which the supreme court is expected now to decide at its April session.

The claim of \$518 for Harry B. Hershey as receiver for the Mississippi Valley Life was approved.

starting with the Northwestern Mutual at Madison, Wis. and then moving to Seattle.

How Canadian Life Offices Are Assisting War Effort

TORONTO—Figures compiled by Leslie Dunstall, secretary of the Life Underwriters Association of Canada, show that as of Dec. 31, 1940, 30 life companies had purchased war loans to the extent of \$65,609,050, representing about 13 percent of the total offered by the Canadian government up to that time. On Canada's first war loan, the companies were allotted but 40 percent of the amount for which they subscribed and 75 percent of the second loan. Had the companies been able to secure in full the amounts for which they applied, the total amount which they absorbed would have represented around 25 percent of the total war loans offered.

About 10,200 insurance company employees are purchasing war savings certificates to the extent of \$40,565 each month under salary deduction plans. Sixteen companies report that they have loaned 36 senior officials to the government for special work in connection with the war and 32 companies report that 1,229 employees have enlisted in the armed forces.

Wright of Watertown Takes Piper's Place in Code Body

Assemblyman Russell Wright of Watertown has been appointed chairman of the joint legislative committee on revision of insurance laws in New York. He takes the place formerly held by R. Foster Piper, now a supreme court justice. Wright has been a member of the committee since its inception. Senator Joseph Esquirol of Brooklyn has been named secretary of the committee.

LIFE AGENCY CHANGES

New Denver General Agent for Union Central

DENVER—Guy C. Lyman has taken over his new post as general agent in Colorado for Union Central Life. Mr.



GUY C. LYMAN

Lyman formerly was general agent for Pacific Mutual at New Orleans.

He is past president of the New Orleans Association of Life Underwriters, and also past president of the General Agents & Managers Association there. He is widely known as a speaker and has appeared before the National Association of Life Underwriters. Mr. Lyman succeeds J. O. Andrews, who resigned because of ill health after 27 years of service with the company.

A. W. Bary, manager of branch office accounts, and K. D. Hamer, assistant manager Union Central, were in Denver from the home office, to confer with Mr. Lyman.

John Hancock Advances Woods

The John Hancock Mutual Life has appointed John J. Woods, formerly field supervisor in the Greater New York territory, as district manager at Patchogue, N. Y., to succeed the late Julian Rubenstein.

McKibben Colo. Manager of Acacia Mutual Life

M. E. McKibben becomes Colorado branch manager of Acacia Mutual Life, with office in Denver. He has been in life insurance work since 1929, practically all of that experience being in Colorado. He was general agent Lincoln Liberty Life 1929-1940, resigning to become general agent Connecticut General Life, in Colorado. He is well known throughout the state. A. N. Meyer, branch manager in Denver, retired and plans to devote his time to rest and lecture work in connection with church activities. He is vacationing in California.

Delaney Assistant to Moore

Joseph Moore of Moore & Moore, Green Bay, Wis., state agency director North American Life of Chicago, has appointed T. A. Delaney, Milwaukee, formerly of Green Bay, assistant agency director. Agents of northern and north-eastern Wisconsin counties attended a regional conference in Green Bay at which Mr. Delaney made his initial appearance.

Fidelity Mutual Bangor Manager

Ulmer W. Davis, formerly district manager for Equitable Society, has been appointed manager in Bangor, Me., by Fidelity Mutual Life. He is a graduate of the University of Maine, and following several years as principal of schools at various points, entered life insurance in 1922. He served as district manager both in Portland and Bangor.

Burleigh Named in Memphis

Robert C. Burleigh, an agent for eight years in Memphis, Tenn., has been appointed general agent there by the Provident Life & Accident, with offices in the First National Bank building. He was in San Antonio before going to Memphis.

Hook Supervisor for Larson

Floyd Hook has joined the L. F. Larson agency of the Northwestern Mutual Life in Portland, Ore., as supervisor. He will devote a part of his time to towns outside of Portland.

He has been in life insurance work in Portland and Seattle for nine years,

Integrity of purpose, impartiality of performance and assurance of progress are measurable factors which help create for the underwriter invaluable confidence and prestige.

Great Southerners are assured of—

STRENGTH

because their company enters 1941 with continued substantial gains achieved through conservative management in all departments; and of

SECURITY

because their contracts are non-forfeitable, allow liberal renewal commissions, and are each made direct with the Home Office; and of

PROGRESSIVENESS

because their Company is inaugurating a personalized sales training program, beginning with the new man and continuing through advanced underwriting problems.

If interested address the Home Office at

401 Louisiana St., Houston, Texas



**GREAT SOUTHERN
LIFE INSURANCE COMPANY**

E. P. Greenwood, President

LIFE SALES MEETINGS

Cooperative Spirit Found at Country Life Roundup

The annual roundup of the Country Life is decidedly different in many respects from the average life insurance convention. At the meeting held in Peoria last week the cooperative principle of the Illinois Agricultural Association, which owns Country Life, was foremost in all discussions. These Illinois farmers have, in the course of 12 years built a company with \$153,000,000 in force and that among farmers only in one state. They are a serious minded group. There is an absence of ballyhoo and demonstrations, but there are plenty of valuable, common sense talks and discussions. The 500 or more who religiously attended every session were there to make the farmer a better business man, to make him realize that his security could only be obtained by adequately covering his needs with life insurance.

The opening address by David C. Mieher, newly appointed general manager, stressed future security. His talk on "Earned and Unearned Income" was an exposition of the company's duties to the Illinois farmer. Mr. Mieher urged his agents to know the insurance business well. He stated that the company was formed to protect the future value of the farmer's estate. "You cannot go far in talking about future income until death is brought into the picture," he said. "The old man and the widow prefer a future sure income as the best investment. Thus enters the life insurance program as the basic essential. Life insurance is the only investment that makes it possible to insure the unearned income—the income of the future. We must know our business well. We must do the best possible job of selling, not only on new business but on servicing as well. We must leave the right thought with our client, he must appreciate his contract. When that policy is delivered to him he must feel that he has made a good buy and that he is reaching his goal of insuring his unearned income."

Anne Miller Makes Hit

Anne Miller of Joliet, general agent for Will county and one of the company leaders, is an excellent speaker. Her subject "Making—Not Waiting For Sales Opportunities," is typical of her sales technique. Mrs. Miller admits that competition is ever present, but that an agent must make his own opportunities. She maintains that hard work is a requirement of success but it alone is not enough. Successful people do what failures don't want to do. "You make the prospect buy when you make him feel that he wants it—motivate him," she declared. "Show what a program will do for him. You must create a desire. It is easier to adjust yourself to a poor standard of living than a better one. Form the prospecting habit. It is easier to sell to a lot of people who do not want it than to find people who do; there are more of the former class. Form three habits, the selling habit, the calling habit and the working habit."

Howard Dembufsky, Aetna Life, Goshen, Ind., discussed life insurance and social security. He maintains that his volume is determined by the income of his clients. He has classified them into salary groups. Mr. Dembufsky divides his sale into five steps; approach, set up problem, solution, visualization and close. Of these he considers the approach most important. He discussed the various approaches he had used during his life insurance career. His social security approach has almost doubled his writings. The approach is unusual. He uses the Agent's D.L.B.

chart exclusively. It helps the prospect visualize his future income. He closes six out of 10. He states that this approach is a fine prestige builder for himself because it proves to the prospect that he knows the social security act. His approach points out the economic value of the wife and children. Without them the social security income will be considerably less, and thus he sells juvenile on the child as well as coverage for the wife.

Earl Schwemm, Chicago general agent of Great-West Life, spoke on "What's Wrapped Up in a Life Insurance Policy." Mr. Schwemm demonstrates his talk with a huge policy from which he draws, an accident and health policy, a bond, a will, a trust agreement, a savings account pass book and an annuity contract. Each one of these is an integral part of the life insurance contract.

Country Life is one of the three insurance companies owned by Illinois Agricultural Association. Illinois Agricultural Mutual writes automobile insurance and Farmers Mutual Reinsurance writes fire, hail insurance on crops and windstorm. Thus farm bureau members have formed companies to cover all their insurance needs.

New Policies Presented at Reliance's St. Louis Parley

Three home office officials, 60 agents and guests attended an all-day sales meeting of the Reliance Life's midwestern department in St. Louis.

B. L. Sichelstiel, assistant secretary, opened the meeting with a presentation of the new perfect protection policies, providing complete disability coverage at new low rates for life policyholders only. New policy forms, visual sales material and lead service material were announced.

J. F. Johns, eastern superintendent of agencies, praised the midwestern department on its excellent production record and discussed timely prospecting methods for the boom period. H. T. Burnett, vice-president in charge of agencies, announced the formation of the new Lead Service Club. Last year Reliance agents sent out 26,154 lead service letters at a cost to themselves of \$1,307.70 and sold \$10,598,000 life insurance with a commission value of \$264,874. The midwestern department enrolled 100 percent in the new club.

Ralph Wetzel, educational director of the department discussed the merchandising of perfect protection policies and Fred D. Strudell, district manager, discussed the financial statement.

Adam Rosenthal, production manager, announced February production exceeded \$300,000. He extended invitations for an agency party at Excelsior Springs, Mo., June 1-3.

Manager Frank Vesser, who presided, predicted in excess of \$3,000,000 paid production for the department in 1941.

Sets 1942 Convention Date

The General American Life announces that it will hold its 1942 Production Clubs convention in St. Louis June 29-July 2.

Mutual Benefit Southern Rally

A regional convention of the Mutual Benefit Life was held in Augusta, Ga., with more than 100 agents from Georgia, Florida, Alabama, Tennessee, Mississippi, North and South Carolina attending.

President John R. Hardin was present.

Greet Mass. Mutual Manager

WHEELING, W. VA.—Massachusetts Mutual Life held a luncheon here, to introduce the new general agent, George Paul Roberts. Joseph C. Behan, vice-president, and Charles W. Hall, assistant director of agencies, represented

the home office. Fritz A. Lichtenberg, general agent at Columbus, O., and E. A. Coyle, general agent at Pittsburgh, also came to Wheeling for the occasion. A number of leading business men from Wheeling and agents from the territory attended.

Lincoln National Rally

J. P. Carroll, superintendent of agencies central division Lincoln National Life, spoke at a meeting of agents in Fort Wayne on "New Ways of Telling Your Story." Other speakers were V. J. Harrold, Fort Wayne general agent, "New Uses for Life Insurance"; Paul Southern, agency cashier, and James A. Hankins, Lafayette, Ind.

To Observe 45th Anniversary

The North American Life & Casualty will hold its annual agency convention in Minneapolis March 19-20, marking its 45th anniversary.

W. E. Rigg, Wisconsin state manager Mutual Life of New York, and Lloyd Roberts, agency supervisor, Milwaukee, spoke at a meeting of agents from Marathon and adjoining counties at Wausau, Wis., as one of a series of sectional meetings throughout the state.

Company Gatherings for 1941 Are Scheduled

March 9-12, Minnesota Mutual Life (regional), Albuquerque, N. M.
March 13-16, Minnesota Mutual Life (regional), Monterey, N. M.
March 19-22, Minnesota Mutual Life (regional), Chicago.
March 23-26, Minnesota Mutual Life (regional), Williamsburg, Va.
March 23-28, Federal Life, Hollywood, Fla.
April 3-5, Life of Virginia, Hollywood, Fla.
April 15-17, Jefferson Standard Life, Greensboro.
April 21-23, Union Central Life, New Orleans.
May 14-16, Berkshire Life (tentative), Pittsfield.
May 21-24, Southwestern Life, Galveston.
June 2-4, Massachusetts Mutual Life, Swampscott, Mass.
June 21-25, Aetna Life (regional), Mackinac, Mich.
June 22-25, Bankers Life of Nebraska, Troutdale-in-the-Pines, Colo.
June 23-24, Lincoln National Life (regional), Hot Springs, Va.
June 23-25, Old Line Life, Chicago.
June 23-25, State Mutual Life, Virginia Beach, Va.
June 24-26, Aetna Life (eastern regional), Virginia Beach, Va.

(CONTINUED ON NEXT PAGE)

yes!

★ OCCIDENTAL PAYS LIFETIME RENEWALS TO AGENTS IN ITS LIFETIME SERVICE

Occidental Life

LOS ANGELES

V. H. JENKINS, VICE PRESIDENT

W ← Horace Greeley was right

(CONT'D FROM PRECEDING PAGE)

June 24-26, Connecticut Mutual Life, Quebec.
 June 26-30, Central Life of Iowa, Mink, Ont.
 June 30-July 2, American Mutual Life, Colorado Springs.
 July 1-3, General American Life, Banff, Can.
 July 7-9, Lincoln National Life (regional), Colorado Springs, Colo.
 July 8-11, Equitable Life of Iowa, Banff, Can.
 July 14-16, Lincoln National Life (regional), Del Monte, Cal.
 July 14-17, Aetna Life (Pacific Coast regional), Sun Valley, Idaho.
 July 28-30, Ohio State Life, White Sulphur Springs.
 Aug. 11-13, Mutual Trust Life (regional), Chicago.
 Sept. 1-3, Illinois Bankers Life, Chicago.
 Sept. 2-6, Fidelity Mutual Life, Bigwin Inn, Can.
 Sept. 3-6, Provident Life & Accident, Lookout Mountain.
 Sept. 8-10, Mutual Trust Life (regional), Lake George, N. Y.
 Sept. 22-24, Wisconsin National Life, Chicago.
 Oct. 9-11, Great Southern Life, Houston.

CHICAGO

LEADS N. Y. LIFE CHICAGO AGENTS

Milton Bernstene, Frederick Bruchholz agency of New York Life, Chicago, led the entire Chicago sales force on paid business in 1940. Mr. Bernstene has been a consistent producer ever since he joined the company 16 years ago. Last summer he won an official position in the New York Life's Top Club as vice-president-at-large because of his record.

MISS DIXON HEADS WOMEN'S UNIT

Bessie M. Dixon of the Houze agency of John Hancock Mutual was elected chairman of the women's division of the Chicago Association of Life Underwriters at the annual meeting Tuesday. She succeeds Mrs. Garland Kahle, of the Reno agency of Equitable Society. Speaker at the annual meeting was Robert S. Loeb of Massachusetts Mutual Life who talked on "Self Determination."

OCCIDENTAL HOLDS OPEN HOUSE

Occidental Life's branch office in Chicago has moved into handsome new quarters on the 22nd floor of One North LaSalle Street and held open house which was attended by dozens of Chicago life men and officials of life companies and allied organizations there. Alan E. McKeough, manager, and A. D. Anderson, division manager accident and health department, were hosts. Lee J. Dougherty, vice-president, attended, going from the agents' convention held in New Orleans. George V. Shipley, home office representative, also was present.

J. E. Carnal, brokerage department manager, G. N. Stafford, agency supervisor, and Frank Stumb, regional group manager, assisted in doing the honors. Among distinguished guests were Col. C. B. Robbins, manager and general counsel American Life Convention, and Ralph H. Kastner, associate counsel; L. D. Cavanaugh, president Federal Life, and E. S. Ashbrook, president North American Life.

The new setup is most modern in every particular, with complete facilities and a large staff. A feature of the service offered is the writing of accident and health policies in the branch and the handling of all claims there.

Mr. McKeough, a life man of long experience in Chicago, is vice-president Illinois State Association of Life Underwriters and past president Chicago association. Mr. Anderson is equally well known in the accident and health business, having had many years' experience and being past president Chicago Accident & Health Association.

NEWS OF LIFE ASSOCIATIONS

Elect Frank Mozley Utah President

SALT LAKE CITY—Frank Mozley, Beneficial Life, Salt Lake City, was elected president of the Utah Association of Life Underwriters at the annual meeting here. Other new officers are: Vice-presidents—Theron Fotheringham, Metropolitan Life, Ogden; A. M. Jacobs, Pacific National Life, Provo; Othello Hickman, Pacific National Life, Logan; W. B. Furman, Prudential, Salt Lake; secretary-treasurer, E. H. Gamette, Pacific National Life, Salt Lake; directors—K. W. Cring, Pacific National Life, Ogden; Harold Anderson, Beneficial Life, Provo; J. A. Israelson, Beneficial Life, Logan; Max Rasmussen, Metropolitan Life, Salt Lake; S. V. Prows, Metropolitan, Logan, retiring president.

Wright Addresses Congress

H. T. Wright, Equitable Society, Chicago, president National Association of Life Underwriters, addressed 400 agents and executives at the annual sales congress.

At a prelude to the congress, the Salt Lake City Life Managers Association gave an early morning breakfast in Mr. Wright's honor.

President Prows opened the congress. C. E. Bechtel, manager Mutual Life of New York, introduced S. G. Hale, his agent, who spoke on "Qualifications of a Professional Underwriter."

"If a life contract fails to accomplish the objective for which it was purchased, it is usually because of the salesman's fault," Mr. Hale said. "Do not oversell a man, because a life insurance program is no better than its weakest link. The amount sold must be governed by what you estimate the buyer can carry in the most difficult years. To qualify as a professional, an agent must be able to analyze situations and render skilled, competent and trustworthy counsel."

J. H. Harrop, manager Equitable Society and president Salt Lake association, introduced Mr. Wright. E. F. Green, president Ogden association, presided.

At the luncheon guests were presented, including J. D. Spencer, J. V. Smith and John James, founders of the Utah Association in 1905. George J. Cannon, executive vice-president, Beneficial Life, C. R. Marcusen, president Pacific National Life, and Commissioner Neslen spoke. Commissioner Neslen denounced "twisting."

At the afternoon session J. C. Kindred, president Central Utah Association, presided. Dr. R. L. Garff, Jr., University of Utah, spoke on "Selling Up Exercises." He advised arranging the day's program the night before.

President Wright reported progress in the elimination of the unfit agent, who is tearing down the prestige of the men who are striving to make a living out of the business. In this effort the association is securing an increasing amount of cooperation from life companies. However, he said, it is really up to the managers and general agents to complete the job.

Iowa Caravan Holds Several Sales Congresses on Tour

DES MOINES—The Iowa Association of Life Underwriters held a caravan tour of eastern Iowa cities with sales congresses at Ottumwa, Burlington, Iowa City and Dubuque. The caravan plan is being tried out in Iowa for the first time and similar tours are planned for central and western Iowa with state association officers in charge.

At each of the stops the group put on a sales demonstration with speakers featuring various steps in selling life insurance. L. B. Gettys, Davenport, district

manager Mutual Life of New York, was master-of-ceremonies at each stop.

The auto caravan made a luncheon stop Thursday at Ottumwa, and was scheduled to meet with the Southwestern Iowa Life Underwriters Association at Burlington that evening, at Iowa City Friday noon and Dubuque in the evening.

Participants in Campaign

Included in the group was W. E. Maupin, president Cedar Rapids association, who was advance man for the state sales congress and annual meeting to be held at Cedar Rapids in June; Henry Meese, Travelers, past president Davenport association; G. W. Rodgers, assistant manager Prudential, Davenport; Charles Kuttler, National Life, past president Davenport association, and M. E. Van Epps, Mutual Life of New York, Davenport, secretary-treasurer state association.

Headliners at Columbus Mar. 15

COLUMBUS, O.—Additional features at the annual central Ohio Sales Congress March 15 are talks by E. G.

Johnson, Penn. Mutual, Pittsburgh, "Selling Ammunition for 1941," and H. P. Winter, assistant superintendent of agencies Union Central, Cincinnati, "Let's Hit the Jack Pot." E. J. Staton, Equitable Society, president of the Columbus association, James McCullough, Union Central, and C. W. Griffith, John Hancock, will preside at the morning, noon, and afternoon sessions.

Dramatized Presentations Feature Detroit Congress

DETROIT—Qualified Life Underwriters have been promised "something different" in the way of a sales congress for March 20 by J. L. Lee, Phoenix Mutual manager and general chairman. There will be but two set speeches, and most of the program will consist of three dramatized presentations with definite educational value.

The Metropolitan Life playlet will be presented by W. J. Wernecke, M. M. Guon, T. E. Cherry, Jr., and G. J. Fullman. Another, "Action Panels," will be presented by three Aetna Life men, Staff Hudson, associate general agent in Detroit; E. R. Tonkel, new agency supervisor in Detroit, and George Behrens of the Florer agency in Grand Rapids.

The third feature is an "Information Please" quiz program, presented by the

Our New ARROW of GOLD POLICY Provides—

- 1—Low cost protection at less than term rates.
- 2—Selection of any renewal period (not less than five).
- 3—Renewal privileges any number of times until age 60.
- 4—Final renewal to age 70 (selection period ends at age 60).
- 5—Conversion privileges any time until age 70.

A liberal, flexible, low cost contract. Extraordinary first year commissions and renewals.

Illinois Bankers Life Assurance Company

MONMOUTH, ILLINOIS

Exceptional General Agency contracts in the states of Illinois, Iowa, Indiana, Ohio, Missouri and Kansas

LIFE • ACCIDENT • HEALTH

Detroit C.L.U. chapter, with H. N. Phillips, Sun Life group manager and chapter vice-president, as director and interlocutor. The experts will include: C. F. Hibbard, Northwestern Mutual; E. P. Balkema, manager Northwestern National, and state president; R. E. Stringer, State Mutual C.L.U. president; J. R. Kennedy, New England Mutual; F. A. McCartney, Equitable Society; H. Ben Ruhl, Massachusetts Mutual; L. L. Mackey, Home Life; Ben J. Micou, New England Mutual, and W. F. Szwed, Prudential assistant superintendent.

Formal speakers will be H. T. Wright, national association president, who will outline national activities, and O. E. Carlin, Hoyer agency of the John Hancock in Columbus, Million Dollar Round Table member and leading producer of his company in 1940, who will outline "My Mass Production Method."

National Association Men Speak in West

Attendance of more than 1,500 agents was recorded at the "member-guest" meeting held at San Francisco, sponsored by the National Association of Life Underwriters in cooperation with life underwriters associations of northern California. H. K. Cassidy, general agent Pacific Mutual, national executive committee member of the San Francisco association, was general chairman. M. L. Hoffman, executive secretary National association, had been in San Francisco, conferring on the project.

Mr. Cassidy presented Roy Ray Roberts, general agent State Mutual Life, Los Angeles, trustee National association, who presented C. J. Zimmerman, general agent Connecticut Mutual, Chicago, immediate past-president National association. Mr. Zimmerman was chairman and introduced Grant Taggart, secretary National association. Mr. Taggart stressed the necessity for life underwriters to have an objective, proper equipment and a plan.

Harry Wright Speaker

J. E. Rutherford, general agent Penn Mutual, Seattle, trustee National association, talked on heart appeal and "fixing the problem" of prospects. Harry T. Wright, Chicago, president National association, past-chairman Million Dollar Round Table and outstanding agent of the Equitable Society, told of work of the local and National associations. There are 368 local associations affiliated with the National, he said, and that organization has set its sights at 40,000 members before the end of 1941.

He gave many sales helps, urging quick disposal of the "professional procrastinator," more extensive use of the telephone and proper mental attitude. Life companies and agents are in partnership, and agents should give the same cooperation to general agents and managers as they expect to receive. He urged maximum service to policyholders, and spending time with policyholders in straightening them out on life insurance fundamentals and correcting the misinformation they receive. If policyholders understand life insurance, the business will not have to worry about attack from the outside.

Gale Johnston Absent

Trustee Roberts presented a message from Gale F. Johnston, trustee National association, division sales manager Metropolitan, St. Louis, who was scheduled to speak but because of illness was unable to be present.

Mr. Zimmerman closed with an inspirational talk.

General agents and managers, about 190 in all, were guests of the National association at a luncheon at which Mr. Zimmerman presided and introduced company officials who were present.

A similar meeting by the same group from the National association was held in Los Angeles.

List Speakers for Tenn. Sales Congress May 9

NASHVILLE, TENN.—E. H. Blair, Bankers Life, vice-president Tennessee Association of Life Underwriters, conferred in Chattanooga with President Terry Archer, National Life & Accident, on plans for the annual meeting and sales congress in Chattanooga May 9. President Archer has appointed D. A. Park, New England Mutual Life, Chattanooga, as secretary-treasurer, an office which Mr. Blair had continued to fill since his election as vice-president at the 1940 annual meeting.

Speakers at the sales congress will include Harry T. Wright, Chicago, president National association, and Gale F. Johnston, Metropolitan Life St. Louis, National trustee. John A. Witherspoon, John Hancock, Nashville, vice-president National association, will attend but will not speak.

Wright Attacks Diversion of Premium Tax by States

DENVER—At a joint meeting of the Colorado and Denver Life Underwriters Associations, Harry T. Wright, Equitable Society, Chicago, president National association, spoke to over 400.

Mr. Wright asserted that on a national basis, money paid from insurance premiums to the states for supervision is not reflected in the state allotments to insurance commissioners. Present laws, for the most part, are based on rulings or arrangements made in 1900, while insurance has increased more than 10 times since that date. Of the 2 percent paid to the states for supervision, amounting to \$850,000 annually, only 4 percent is used by the insurance departments in supervising insurance matters.

Chairmen and members of the insurance committees from both houses of Colorado legislature were guests.

Urges Not Letting Prospect Well Become Dry

Mental attitude is more important than mental capacity in selling life insurance, Lawrence Willet, associate general agent Penn Mutual Life, Atlanta, told the Birmingham Association of Life Underwriters at a meeting. He produced \$900,000 in 1940 and not less than \$500,000 annually since 1923.

The brain is like a storage battery, he said, for it runs down occasionally and needs to be recharged. He urged agents to associate with optimistic people and read inspirational articles and books.

"Implied Consent"

"Our job as agents is to keep people from putting us off. We must think that the prospect is going to buy and take advantage of 'implied consent,' which has kept me in business. I do not mean using high pressure methods. It is all right to be insistent, but not until after you have given a man a reason for buying. The high pressure man often overlooks this important point."

"About 50 percent of my prospects come through policyholders, and if an agent is not getting about this proportion from his satisfied clientele, he is overlooking an opportunity. If he is getting too large a proportion of his prospects from this field, then he is not making enough new contacts. Besides policyholders, other prospects are obtained through referred leads and friends. There is nothing more important than calling on friends."

Taggart, Rutherford and Belden Draw 400 at Portland

PORTLAND, ORE.—Some 400 agents from Oregon and Washington attended the sales congress of the Life Underwriters Association of Portland.

V. C. Gilbert, Equitable Life of Iowa, chairman, outlined the association's aims and accomplishments.

Rev. P. W. Quillian, Houston, Tex., stressed the necessity for renewing faith in democracy.

A. F. Parker, New England Mutual Life, introduced Grant Taggart, California-Western States Life, Cowley, Wyo., secretary National association, who spoke on "Sales Philosophy from the Great Open Spaces." Mr. Taggart presented plaques to 10 100 percent association membership agencies.

Mr. Taggart said every successful agent needs an objective, equipment and plan. "Think, have ideas, put them into action, and get results. Continue to measure up to high ideals and take the road ahead with just a little more courage than in past years," he urged.

James E. Rutherford, Seattle general agent Penn Mutual Life, National association trustee, spoke on the "Nine Steps of the Sale," stressing the use of the emotional or family appeal.

"A Prestige Formula" was outlined by H. E. Belden, associate manager Union Central Life, Los Angeles. He declared the Los Angeles association is determined to double its membership in 1941. "Aim high and high results are bound to follow," he said.

Sales Congress Scheduled for Des Moines May 2-3

DES MOINES—The Des Moines Association of Life Underwriters will sponsor a two-day sales congress here

May 2-3, which will take the place this year of the mid-winter Davenport sales congress. A. H. Pickford, general agent Provident Mutual, is general chairman. The Davenport association has dropped its meeting this year and will cooperate with the Des Moines meeting. The state sales congress will be held at Cedar Rapids June 6-7, in connection with the annual meeting of the state association and the Iowa quarter-million dollar club. H. T. Wright of Chicago, national president, is scheduled for the Cedar Rapids meeting.

The Des Moines congress will open with a dinner on the evening of May 2, with a well-known speaker. An all-day session will follow on Saturday. Invitations will be sent to all of the associations in the state to take part.

Paul F. Clark Headliner for N. Y. Congress Mar. 27

NEW YORK—Vice-president Paul F. Clark of the John Hancock will be the keynote speaker at the New York City Life Underwriters Association's annual all-day sales congress at the Hotel Pennsylvania March 27. This year only members of the local and outside associations will be admitted.

In addition to individual speakers

KENTUCKY HOME MUTUAL LIFE INSURANCE COMPANY

LOUISVILLE, KENTUCKY

Financial Statement December 31, 1940

ASSETS	
Cash in Banks and Office	\$ 341,156.51
The Company must carry at all times a bank balance of sufficient amount to secure prompt payment of all death claims and demands.	
Bonds and Stocks	1,231,359.18
U. S. Government \$476,041.03; Railroad, Industrial and Municipal bonds \$252,168.02; Industrial, Insurance, Bank Stocks, and U. S. Guaranteed Building and Loan Stocks \$498,241.50; Due and Accrued Interest \$4,908.63.	
Mortgage Loans	883,496.77
First Mortgages on city and farm property \$880,386.03; Interest due and accrued \$3,110.74.	
Loans to Policyholders	1,247,006.24
Outstanding loans in reserve fund secured by policy cash values \$1,242,755.49; due and accrued interest \$4,250.75.	
Policy Liens and Interest	3,083,712.92
Real Estate and Contracts of Sale	3,359,084.71
Including Home Office Building \$2,390,000.00; Due and Accrued Rents \$14,334.34.	
Collateral Loans	28,133.92
Collateral loans \$27,560.07; Due and Accrued Interest \$573.85.	
Premiums (secured by legal reserve)	167,429.92
Net premiums due and in process of collection.	
Other Unclassified Assets	177,860.93
GROSS ASSETS	\$10,519,241.10
Less assets not used in reserve fund	160,001.17
(Included in these assets are value of equipment, furniture and fixtures, balances in closed banks, bills receivable and Agents' balances.)	
TOTAL ADMITTED ASSETS	\$10,359,239.93
RESERVES AND LIABILITIES	
Reserves for Policyholders	\$ 9,555,775.51
The "Reserve" is the legal guarantee fund which, together with future premiums and interest, will pay all of the various claims and benefits as they mature. This reserve is verified by the Commonwealth of Kentucky.	
Reserves for Claims Payable in Installments and Amounts Held Under Supplementary Contracts	159,191.99
This is created by the increasing desire of beneficiaries to convert lump sum settlements, due them upon the death of the insured, into monthly payments of income.	
Reserve for Claims Unreported and Proofs Not Completed	78,673.65
This represents amounts set aside for policyholders who have died but proof of claim is not completed.	
Reserve for Dividends to Policyholders	5,894.52
Reserve for Premiums and Interest Paid in Advance	43,747.50
These funds have been received in advance of their due dates.	
Reserve for Taxes Payable in 1941	36,242.19
A Life Insurance Company is required to pay certain Federal, State and County Taxes. This reserve is for the amount payable in 1941 on 1940 business.	
Reserve for All Other Liabilities	68,646.20
Miscellaneous items including legal and medical fees, bills not yet due, reserve for unemployment insurance, etc.	
Surplus for Contingencies (fluctuation asset acc't.)	\$ 9,948,271.56
Surplus Unallocated	\$125,000.00
Total Surplus	285,968.37
This is surplus held, in addition to all other Reserves, for the benefit of the policyholders.	
TOTAL RESERVES AND LIABILITIES	\$10,359,239.93
Total paid beneficiaries and living policyholders since organization more than \$13,750,000.00	

INSURANCE IN FORCE DECEMBER 31, 1940 . \$49,564,397.00

ELLSWORTH REGENSTEIN, PRESIDENT

there will be a panel on prospecting and a symposium on memorized sales talks. A panel of eight experts will attempt to answer the most frequently met objections which life agents encounter. Practical sales presentations and demonstrations will be emphasized.

Manuel Camps, Jr., general agent John Hancock, is sales congress chairman. Elias Klein, manager Bookstaver agency, Travelers, is again handling publicity.

Lloyd Patterson, general agent Massachusetts Mutual and president New York City Association, has secured a man of national reputation to address the annual banquet that evening. There will also be music, entertainment and dancing. Reservations will be \$3.50 per person. Admission to the sales congress will be \$1.

Pay Honor to Michigan Officials

LANSING, MICH.—At the banquet given by the Michigan Life Underwriters Association honoring Governor Van Wagoner and Commissioner Berry, more than 150 members of local associations throughout the state were in attendance and 20 to 25 home offices were represented.

Main speakers, in addition to the governor and commissioner, were Col. C. B. Robbins, Chicago, general counsel American Life Convention; R. Leighton Foster, general counsel Canadian Life Insurance Officers Association, and E. P. Balkema, Detroit, president of the Michigan association. The welcome talk was given by Russel Moore, president of the Lansing association.

The banquet followed an outstanding luncheon program of the Lansing association, which many of those in the city for the night event attended. The luncheon speakers were S. D. Risley, assistant superintendent of agencies Metropolitan Life, on "The 1941 Job of Prospecting," and C. G. Taylor, Jr., vice-president in charge of public relations, on "Underwriting Problems of 1941."

Wright Busy in Seattle

SEATTLE—Three meetings were crowded into a brief visit here by Harry T. Wright, Equitable Society, Chicago, president National Association of Life Underwriters. He spoke to a luncheon sponsored by the Seattle Life Underwriters Association, at a special meeting of the Seattle Life Managers Association and a gathering of state and local association officers.

At the luncheon Mr. Wright presented certificates of membership in the Washington Quarter Million Dollar Round Table to qualifiers.

Springfield, Mass.—Wallace Watson, general agent Connecticut Mutual Life, Boston, spoke on "Business Insurance—Sole Proprietorship, Partnership and Close Corporation."

Independence, Kan.—The local association was host to life underwriters from Parsons and Coffeyville at a meeting at which the picture, "Yours Truly, Ed Graham," was shown following musical entertainment. The association voted to continue its annual life essay contest for high school students.

Dodge City, Kan.—"Grant Taggart Day" March 26 will be attended by all association and prospective members in western Kansas, with President J. E. Conklin of the Kansas association, Hutchinson, and a large group of company officials and managers as honored guests. This is the first large life insurance gathering for western Kansas, the Dodge City Life Underwriters Association having been organized just a year ago.

Grant Taggart, Cowley, Wyo., secretary of the N. A. L. U., en route to the Wichita mid-year meeting of the N. A. L. U., is the honored guest and will speak at a dinner meeting, also at a public meeting that night.

Following "Grant Taggart Day," the Dodge City members and guests will attend the Wichita meeting nearly 100 percent.

Hartford—M. J. Lacy, director of the Lacy Institute of Boston, was the speaker before a joint meeting with the Hartford Advertising Club. He is a lecturer on the staff of the Massachusetts state extension course in salesmanship

which is conducted each year at Harvard University.

Kitchener - Waterloo, Ont. — Walter Hammond, Jr., Prudential of America, has been elected president. Vice-presidents are Archie Bernhardt, Sun Life, and Harry Walker, London Life; secretary-treasurer, J. J. Ferguson, Mutual Life.

Jackson, Tenn.—Terry Archer, National Life & Accident, Chattanooga, president Tennessee Association, spoke Feb. 28, with 50 present.

Lincoln, Neb.—Don P. Riley, John Hancock Mutual Life, Lincoln, told how life insurance can be combined with social security in providing an adequate old age income.

Beaver Valley, Pa.—At a meeting in Beaver Falls, W. J. Wright, assistant to the general agent of the Penn Mutual Life in Pittsburgh, spoke on "Developing Three-Point Prospects."

Youngstown, O.—M. Jay Ream, Mutual Benefit Life, Pittsburgh, discussed "What We Can Cline To."

Nashville, Tenn.—Fred C. Crowell, Jr., of the "Insurance Field" will speak on "Selling for Profit."

North Carolina—A resolution endorsing the retirement plan for state employees, just adopted by the North Carolina legislature, has been adopted. The association offered its services in explaining the benefits of the plan to those affected and the public at large.

Northern New Jersey—The closing session of the training course in Newark will be held April 2 when C. J. Zimmerman will be the speaker.

Cleveland—"Money Speaks" will be the title of a panel discussion at the monthly meeting March 14. Representatives of six financial institutions will speak: C. L. Yewell, branch manager General Motors Acceptance Corporation; B. H. Brainard, assistant vice-president Cleveland Trust Co.; J. F. Cover, vice-president Morris Plan Bank; F. C. Ireland, manager City Loan & Guaranty Co.; J. E. Aylward, credit manager Bing Furniture Co., and Sumner Canary of the law firm of Canary & Walsh. The value of insurance in carrying partial payment plan purchases in event of death will be stressed.

Kansas City—Final session of the sales training course sponsored by the association will be held March 10. Paul Spelcher, E. & R. Service, will talk on "The Miracle of Life Insurance." Fred G. Holderman, Jr., Equitable Society, has been chairman. A total of 244 were enrolled, and the course had an average attendance of 200.

Jacksonville, Ill.—C. F. Eichenauer, editor Quincy "Herald-Whig," spoke on "An American's Faith in an Upset World." He said the best means of safeguarding and promoting national and world peace is renewed faith of Americans in themselves and their ideals. He was introduced by Dr. T. P. McClelland, president MacMurray College. President W. G. Myers presided. Ralph I. Dunlap is secretary.

North Dakota—At a meeting in Fargo, J. R. Ozanne of Chicago, research personnel specialist, was the speaker. Walter J. Johnson of Fargo was chairman.

Chicago—Paul Troth, supervisor of publicity Home Life of New York, will speak at a luncheon March 19 on "Ideas that Click."

The advisory council will hold a luncheon meeting March 11.

Can Aid Beneficiaries

Agents can render an appreciated service to beneficiaries at the time that death claims are made by calling attention to social security benefits, the Pacific Mutual Life points out. Even if an individual was not employed at the time of his death, he may have been employed under the social security act at some time since it went into effect in 1937, which would entitle his beneficiary to some benefits. If the survivor-beneficiary is the widow of the deceased, she may be entitled to a life income commencing at age 65.

When paying a death claim the agent should inquire if the deceased had a social security number and then refer the beneficiary to the local board so she can file claim papers. Rendering such service wins confidence and prestige.

The Veterans Club of the home office of Mutual Benefit Life will hold its annual dinner April 2. President John R. Hardin and Vice-president E. E. Rhodes will be the guests of honor and speak.

FOR MEN OF GENERAL AGENCY CALIBER

We have territory open in Vermont, southern New Jersey, and Delaware.

Our combined Life and Non-Cancellable Accident contracts are valuable sales aids.

Write

WILLIAM D. HALLER

Vice-President and Agency Manager

UNITED LIFE AND ACCIDENT Insurance Company

CONCORD, NEW HAMPSHIRE

81 YEARS OF SERVICE

THE GUARDIAN LIFE INSURANCE COMPANY OF AMERICA NEW YORK CITY



A MUTUAL COMPANY
ESTABLISHED 1860

LEGISLATION

Partial Reorganization and Expansion of Michigan Department Is Proposed

LANSING, MICH.—Partial reorganization of the Michigan department is proposed in a bill introduced by J. T. Hammond, senate insurance committee chairman.

The bill would greatly augment the department's appropriation and would seek to check political interference in the departmental personnel.

The present top fee of \$20 per day for examiners is increased to \$25.

The bill contains a provision that the general exemption of non-Michigan companies from taxation other than the premium levy shall be waived for "tangible personal property owned for investment purposes by such companies within this state."

Three allied Michigan bills have been introduced which would nullify, to some extent, recent legislation bringing virtually all burial and sick benefit associations under a certain measure of departmental regulation. Associations restricted to one religious denomination or persons engaged in any one occupation would be permitted to file as non-profit corporations with the corporation and securities commission. They would also be removed from the present requirement of making a \$2,500 cash deposit with the state treasurer and would be allowed to write benefits up to \$500, rather than \$150 as now permitted this class of society.

Aviation Exclusion Clause Arguments Heard in Neb.

LINCOLN, NEB.—J. M. Laffin, president Nebraska Association of Life Underwriters and Omaha general agent Penn Mutual Life; W. L. Day, Travelers, and Merle Loder, Mutual Life of New York, Lincoln, spoke at a hearing by the insurance committee on L.B. 126, amending the incontestable statute. They reported that hundreds of young men in civil aviation or air service training are anxious to purchase policies containing the aviation exclusion clause, but that the companies are refusing to write the clause because the supreme court and insurance department have held that not being included in the law, death in aviation calls for payment of full face value of policies.

J. S. Logan, insurance department attorney, commended the bill as a whole-some piece of legislation.

R. H. Kastner, attorney American Life Convention, said that hundreds of policies containing the aviation clause had been issued in Nebraska based on former rulings of the department, and that these should be validated by granting authority to attach them in the future.

The insurance committee has sent out to general file L.B. 337, which requires that all domestic assessment companies hereafter organized deposit \$10,000 with the insurance department as a stabilization fund for payment of losses, and that 5 percent of all gross assessments shall be used, when the fund becomes impaired, until the \$10,000 limit has been restored.

Minnesota Investment Bills Approved by Committee

ST. PAUL—Legislation designed to improve the investment position of Minnesota insurance companies has been approved by the house insurance committee. G. W. Wells, Jr., secretary Northwestern National Life, told the committee that Minnesota companies are at a competitive disadvantage in being limited in their real estate mortgage loans to 50 percent of the appraised value of the property while companies in other states can go higher than this. He urged favorable action

on HF 765 which would permit domestic life companies to make loans up to 66 2/3 percent of the value.

The committee also approved a bill to permit insurance companies to amortize federal housing bonds purchased above par during the first five years. A third measure which received committee approval eliminated public service securities from the list of investments permissible for domestic insurance company funds. Company representatives explained that public service securities no longer hold the favored position they did years ago.

E. A. Roberts, vice-president Minnesota Mutual Life, and H. P. Skoglund, president North American Life & Casualty, attended the hearing.

The committee approved HF 767 which permits life companies to attach aviation riders to policies.

Nebraska Qualification Act Receives Strong Support

LINCOLN, NEB.—Strong support for the enactment of L. B. 312, patterned after the Illinois agents' qualifications law was presented by agents at a legislative hearing. Appearing for the measure were: C. M. Reed, Beatrice, executive committeeman of the Nebraska Association of Insurance Agents; Henry Kosman, president Omaha association; F. N. Croxson, Equitable Society, representing the Nebraska Life Agency Managers Association, and E. R. Heflin.

Oregon—The senate insurance committee has reported favorably on a measure authorizing the state or political subdivisions to purchase insurance for employees from private companies, the cost to be shared.

Another measure approved by the senate insurance committee provides means for liquidating insolvent insurance companies.

Montana—The bill to increase the premium tax from 2 percent to 4 percent has been killed.

The countersignature law which was of primary interest to fire and casualty interests but also applied to life insurance transactions was repealed and a new measure was passed applicable only to fire and casualty under which the countersigning agent must receive a minimum of 5 percent countersigning commission. Under the former law, the countersigning agent was required to retain the "full" commission.

Seven Round Table Sessions at L. A. A. Eastern Parley

NEW YORK—Seven simultaneous round table sessions on topics selected through an advance questionnaire will occupy the afternoon at the eastern round table meeting of the Life Insurance Advertisers Association March 14 at the Hotel Pennsylvania. Chairmen in charge of the panels are: Premium notices, enclosures and receipts, J. A. Young, Monarch Life; national advertising, A. A. Thiemann, New York Life; sales promotion material, Richard Rhodebeck, United States Life; direct mail, C. C. Loeb, Presbyterian Ministers Fund; advertising specialties, N. A. White, Provident Mutual; annual statements, A. F. Sisson, State Mutual. The chairman for the session on periodicals for agents will be announced shortly.

Speakers for the morning session have already been announced, nearly 50 representatives of eastern companies are expected to be on hand, according to A. H. Reddall, Equitable Society, chairman of the committee in charge.

Dividend Elections Popular

A study of 10,000 applications received at the home office of Equitable Society during the last part of 1940 reveals that 69 percent of the prospects insured requested permanent election of dividends. The new form of application providing space for dividend elec-

tions was introduced as of the middle of 1940 and, in view of the fact that some of these 10,000 applications may have been on the old form, the 69 percent record is doubly interesting. At the same time, the figures suggest that an even larger percentage of permanent elections may be expected as producers become increasingly familiar with the advantages of the new procedure.

INDUSTRIAL

Sign with C. I. O. in Buffalo

BUFFALO—An agreement with the John Hancock Mutual Life, giving bargaining-contract rights in the Buffalo office to Local 59, Industrial Insurance Agents (CIO), has been signed by the company and union officials. This is the first such contract to be signed by the CIO with a large company in Buffalo.

Western & Southern Changes

Stanley R. Buzinski, formerly superintendent at Gary, Ind., has been promoted to manager at Hammond, Ind., for Western & Southern Life. He succeeds James E. Kelley, whose health is impaired.

Ivan E. Capehart, formerly manager at Piqua, O., has been transferred as manager at Springfield, O. Russell Cahall, formerly superintendent at Fostoria, O., has been promoted to acting manager at Piqua.

Kendall Heads Imperial Life Club

W. W. Kendall was elected president of the Ordinary Producers Club of the Imperial Life of Asheville at the annual convention there. J. J. Thornton, Salisbury, N. C., and J. H. Deton, Wilmington, N. C., are vice-presidents; M. H. Cooke, Concord, N. C., secretary.

RECORDS

State Mutual Life—Going into its second year of consecutive monthly gains, the company ended February with a 24.83 percent gain over February 1940, bringing its total gains for two months to 14.7 percent. February business is a gain over a gain, since last February was the month which set State Mutual off on its unbroken record. There was an increase in the number of agents who completed qualifications for the company convention, which will be held June 23-25. The ending of the qualifying period is March 31 for written business and April 30 for paid business.

Bankers Life, Iowa—New paid-for life insurance in February totaled \$4,402,364, a gain of 13 percent. It has gained 15 percent in new business written the first two months of this year.

Illinois Bankers Life—Applications received the first two months of 1941 aggregated \$3,028,339, an increase of 28.85 percent over the same period of 1940.

Mid-Continent Life—Reports 24 percent increase in January above that written in the corresponding month in 1940.

Mortality Table Hearing

A hearing will be held Monday morning at the New York city office of the insurance department on the proposed new mortality tables to be used by the department as the minimum standards for the valuation of industrial policies. The proposed mortality rates for the new tables are based on the experience of Metropolitan Life for the period 1930-1939, inclusive. Copies of the tables will be available at the hearing or can be obtained beforehand from Superintendent Pink.

The new tables are to be introduced in pursuance of an amendment to the law that was passed in 1940.

THE ULTIMATE FUNCTION

of any life insurance company is the prompt, courteous settlement of claims. We shall be pleased to have you compare our record of claim payment, for a third of a century, with any other which for that long has been excellent.



BANKERS MUTUAL LIFE CO.
FREEPORT, ILLINOIS

Founded in 1907

POLICIES

New Multiple Protection Plans Prove Popular

During the first 30 days that the General American Life has been issuing its new multiple protection contracts, \$429,821 of new business has been written. The policy provides full life protection, the amount payable being increased if death occurs during the multiple protection period, which may be 10 or 20 years, or which may run to age 65. If death occurs during the multiple protection period, the amount payable is \$2,000 per unit on the 10-year plan, and \$2,500 per unit on the 20-year and to age 65 plans. Each plan provides \$1,000 of insurance per unit after the multiple protection period. Premiums are payable for life but are reduced on each unit after the multiple protection period to the \$1,000 ordinary life annual dividend rate in effect at the date of issue for the age at issue.

Ten units under the 20-year plan will provide \$25,000 if death occurs in the 20 years or \$10,000 if death occurs thereafter. Of the \$25,000 proceeds, \$18,150 will provide \$100 monthly for 240 months, \$5,540 will provide \$10,000 payable at the end of the 240 months period, the remainder, \$1,310, will provide a cash payment at death. Premiums for the three plans follow:

Age	10 Year		20 Year		To Age 65	
	1st 10 Yrs.	After 10 Yrs.	1st 20 Yrs.	After 20 Yrs.	To \$1,000	To \$2,500
20	22.72	17.61	27.13	17.61	31.56	17.61
25	24.88	19.67	29.73	19.67	34.97	19.67
30	27.69	22.14	32.27	22.14	38.21	22.14
35	31.63	25.11	36.40	25.11	44.36	25.11
40	37.92	29.37	42.33	29.37	51.50	29.37
45	47.70	35.61	51.97	35.61	61.97	35.61
50	62.11	44.03	...	...	76.90	44.03
55	83.69	55.40	...	...	97.84	55.40

Capitol Life Rate Increase

Capitol Life of Denver has now increased its non-participating single premium rates and has increased premiums for life and refund annuities to the new so-called standard table.

Want Utah Commissioner, on Army Duty, Renamed

(CONTINUED FROM PAGE 5)

sion. The Utah life managers request that he be reappointed commissioner notwithstanding. They point out that there is an efficient staff in the Utah department with which Mr. Neslen can keep in frequent and close contact. A similar resolution was adopted at a joint meeting of the Utah State Life Underwriters Association, the Cache Valley association, Ogden association, Southern Utah and Salt Lake City association.

OTTOSEN NOW IN CHARGE

SALT LAKE CITY—C. N. Ottosen, deputy insurance commissioner, who has been connected with the department six years, will be in charge of the office during Commissioner Neslen's absence, or until a new appointment is made. Commissioner Neslen will shortly report for duty as chaplain of the 145th field artillery, Utah national guard, at San Luis Obispo, Cal. Mr. Ottosen, who is a member of the Utah Bar Association, in addition to other duties, has been doing the legal work of the insurance department.

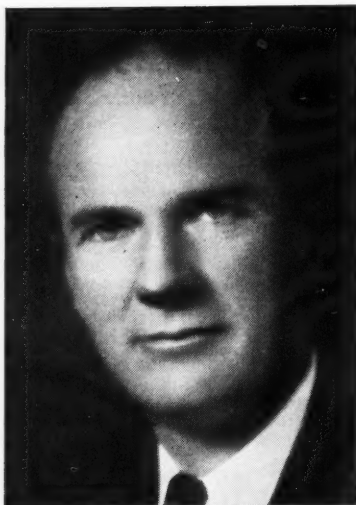
The governor has not made it known who he intends naming for the post. Insurance interests are solidly back of Commissioner Neslen and have asked the governor to reappoint him. No other candidate has thus far been mentioned.

E. P. Oertel, Chicago, assistant vice-president Great Northern Life, conducted an agency meeting of the Wausau, Wis., district. Arrangements were in charge of E. G. Leist, general agent there.

C. L. U.

District of Columbia C. L. U. Chapter Plans Dinner

Dr. Claude L. Benner, vice-president and chairman finance committee Continental American Life, will be the



C. L. BENNER

principal speaker at the District of Columbia C.L.U. chapter's annual dinner March 18.

U. S. Senator Danaher of Connecticut will be toastmaster. Several life company presidents have accepted invitations as well as high government officials. Dr. Perrin Long, professor, and Dr. Eleanor A. Bliss, Johns Hopkins University Medical School, who have been responsible for all the basic research of sulfanilamide and its derivatives in America, will be honored guests.

Discuss Taxation Problems

LOS ANGELES—Taxation problems were discussed at a meeting of Los Angeles C.L.U. chapter by David Tannenbaum, attorney and tax specialist.

He cited rulings relative to taxing of intangibles and said the latest one permits their taxation anywhere. He also cited cases to show that where there is a possibility of a "reverter" in a gift, it becomes taxable in the gross estate. He pointed out that a careful attorney should place all the risks as well as all the advantages of a situation before his client and the agent, leaving the decision to them as to what should be included or excluded in the taxable schedule.

Kellogg Van Winkle, chairman legislative committee California Life Underwriters Association, called attention to publicity that has been appearing in the public prints relative to policyholders' reserves being endangered. He said that so far life insurance has not been badly hurt but he pointed out that the TNEC had documentary facts that completely refuted the allegations made, long before the present publication.

Rollo E. Hays, chairman educational committee, reported that the C.L.U. classes are proceeding satisfactorily, and

that about 10 men probably will take the final examination this year.

Hold Southwestern Conference

OKLAHOMA CITY—The C. L. U. southwestern regional conference drew an attendance of 35 from five states, in addition to 40 local life men, including a number of C. L. U. members and those preparing to take the examination. J. Hawley Wilson, Massachusetts Mutual, president of the Oklahoma City chapter, presided. Dr. David McCahan, dean of the American college, and John P. Williams, educational director, were speakers.

Holds Renewal Forfeiture Provision Is Valid

The provision in an agency contract that the agent forfeits renewal commissions if he should become connected with any other life company is valid and is not in restraint of trade, according to the Florida supreme court in Barr vs. Sun Life of Canada.

Leal Barr entered into an agency contract with Sun Life in 1933 and in 1936 he entered into a new contract. In 1939, Barr went with Mutual Benefit Life and Sun Life invoked the pertinent section of the contract and stopped payment of renewal commissions to him.

The court held that the contract was clear, definite and unambiguous. The parties were sui juris and the allegations of complaint show no overreaching or coercion. Mr. Barr had the privilege to refrain from taking employment with some other company and continue to receive renewals or to forego the right to those commissions and accept employment with another company. He elected to pursue the latter course.

The great weight of authority, according to the court, holds that the agent has no vested rights in commissions on renewal premiums and that his right to be paid commissions on renewals must be based entirely upon the terms of the contract.

The provision of the contract simply recognizes the fact that the employer was entitled to have the good will and cooperation of the employee not only as long as the employee was employed by that employer but for the full period of 10 years during which he would receive commissions on renewal premiums and that the employee should be bound not to place himself in a position where he could not be reasonably expected to render that service.

"First premiums are larger, and, therefore, more attractive than are renewal premiums," the court declared, "and when men dealing with one another have a right to assume that every man will do that which is to his best interests, compatible with honesty, and, therefore, the employer insurance company may fairly assume that when one of its agents quits its employment and undertakes like employment with another

company, that he will put forth his best efforts to procure business for his new employer and the new employer expects no less of him."

Higher Net Cost in Canada Seen; Sales Affected

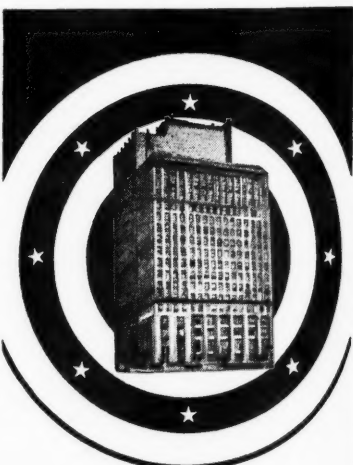
MONTREAL—The net cost of life insurance to the average policyholder in Canada will inevitably be increased, President A. P. Earle of Montreal Life, former president of the Canadian Life Insurance Officers Association, stated at its annual meeting.

He pointed out that heavy subscriptions to war loans are bound to reduce the average rate of interest earned on life insurance investments, while higher living costs and greater income tax, coupled with increased demand for workers, have made necessary a scaling up of clerical salaries. All this, with increased taxation, will mean an increase in net cost.

The large income tax, he said, may reduce the writing of life insurance among those in the higher income brackets, but that will be offset to some extent by an increase in business on skilled mechanics, farmers and clerks.

Parsons Agency Wins Award

The Group A award for 1940 of Mutual Benefit Life was won by the Bruce Parsons Agency, Chicago, for doing the best composite job among the large agencies. This award is given annually to the agency doing the best all around job in its respective group. The Parsons agency led the company last year in volume of business paid for, but the award is measured, not by volume, but by 15 points, among which are quality business, persistency of old and new business, earnings of experienced agents and those of new men in their first and second years, and recruiting of new men. The agency paid for over a million of insurance exclusive of annuities, in February, winning first place in volume and lives paid for.



Something New IN LIFE INSURANCE

A Pure Protection . . . ordinary or whole life policy without cash values

Our limited pay policies permit the withdrawal of cash values

Without cancelling policy

Without note, interest or reducing policy

Many other new features that appeal to thinking people

Commissions that will interest any salesman. Previous experience not essential

Interstate Reserve Life Insurance Company
TEN EAST PEARSON STREET, CHICAGO

General Agency OPPORTUNITIES for good personal producers

Central Life INSURANCE COMPANY of Illinois
ALFRED MacARTHUR, PRESIDENT
211 WEST WACKER DRIVE, CHICAGO

Steel Policy Box

Permanent Policy Container

Heavy Steel. Size 11 1/2 x 5 1/2 x 2 1/2. Finished in Black Enamel. Advertisement in gold on top of box. Each in carton, with two keys. Lots of 25-50 or 100 52c ea. A silent salesman that will last a lifetime.

PATENT NOVELTY CO.
Fulton, Illinois



LEGAL RESERVE FRATERNALS

State Congresses Meet in Portland

Talks by Commissioners Sullivan of Washington and Thompson of Oregon featured the joint gathering of the Washington and Oregon State Fraternal Congresses held in Portland. Commissioner Sullivan said no one need fear owning insurance in fraternal societies which are founded on the legal reserve principle. Commissioner Thompson said the fraternal system is good, and even great.

The meeting was held in Neighbors of Woodcraft auditorium. The program was especially arranged to be helpful to field workers. Minnie Hiner, president Oregon Congress, grand guardian Neighbors of Woodcraft, was chairman. Welcome was extended by George H. Weber, assistant state manager Macabees in Oregon, and secretary-treasurer Oregon Congress. Response was by C. D. Robinson, past secretary Washington Congress and fraternal supervisor of Washington.

A flag ceremony was conducted by juniors of Degree of Honor. Mrs. Lois A. Geiser, past president of Washington Congress and Washington-Oregon manager of Degree of Honor, talked on the merit cap system employed by her society. This merit system created much interest among the field workers.

Highlights of Program

T. J. Ivers, Catholic Order of Foresters, spoke on "Merits of Increased Insurance," outlining how he increased a selected group of 25 members who were already sold on the order, from \$22,500 to \$118,000 total insurance. Mrs. Kathryn Bowen, president Washington Congress, said a united front by all societies is essential, not only for defense but in progressive promotion work. She stressed cooperation of all societies and field workers. William Adams, high chief ranger Independent Order of Foresters for Oregon and Washington, and past president Oregon Congress, spoke on "Good Fellowship."

Jerry Saylor, northwest supervisor Woodmen of the World, Denver, in a debate with John O'Donnell, Modern Woodmen, brought out that a field man must have imagination and enthusiasm in selling; that calling on people was not enough.

Mrs. Leonora Broili, Royal Neighbors, in an address said fraternal societies must streamline their field departments. Education of the field workers is of the greatest importance. The public demands information, and this information must be correct. She advised home study courses for field workers.

R. A. Ashbrook, Pacific Coast general agent Aid Association for Lutherans, Oakland, Cal., stressed the fraternal angle of field work. Honesty in field work is essential, he said. Field workers shape a society's destinies. Fraternal field work is next to preaching the gospel.

Juniors of Neighbors of Woodcraft gave a program based on fraternal charity, about 25 taking part. Barrett Coates, consulting actuary, was on the afternoon program.

Mrs. Dora Alexander Talley Talks

A dinner was held, prepared by the Columbia Empire Association entirely from local foods. This was followed by an evening session. There were 30 drill teams, Mrs. Clara Grolbert being chairman of the drill team committee.

Dora Alexander Talley, past president National Fraternal Congress and president Woodmen Circle, was the principal speaker. She spoke of the relief work done by fraternal societies which have spent millions for the relief of members.

J. F. Fogarty, grand master workman A.O.U.W. of Washington and past

president Washington Congress, wound up the gathering, saying the congresses should broaden their spheres of activities and better develop public relations with a viewpoint of civic service.

Society Continues Dividend Scale, Issues Payor Riders

Protected Home Circle is continuing for 1941-42 its present scale of dividends on "refunds," this action by directors having been made possible, President S. H. Hadley explained, by the excellent financial record in 1940. The assets, which were \$10,219,773 on Dec. 31, were increased \$559,831 in 1940.

The society, effective March 1, made available payor riders in connection with junior certificates, providing for continuance of the insurance on a fully paid basis in event of the death or total and permanent disability of the person making the premium payments.

The refund for certificates in the adult department for 1941 will be continued at 6 percent of the annual premium, figured on the monthly basis, and the refund for the junior, or children's department will be 16 percent of the annual premium, figured on the monthly basis. This junior refund amounts to two monthly payments.

The refunds are paid to all certificate-holders in good standing whose certificates have been in force two years or more as of March 1, 1941, or which shall have been in force two years by March 1, 1942. The refund will be paid on the first of the month after the anniversary month, according to the date of the certificate, beginning April 1, 1941.

President Hadley said junior insurance has failed to fulfill its purpose in some instances because of the failure to provide for continuance of the payments in event of death or total, permanent disability of the premium payer. The two riders were prepared by R. A. Anderson, resident actuary, and approved by W. F. Barnard, Syracuse, N. Y., consulting actuary and the insurance departments of the 11 states in which the society operates.

The riders provide that if the parent or payor of the premiums of the insured child dies or becomes totally and permanently disabled before the anniversary of the certificate nearest the junior's 21st birthday, payments falling due after the payor dies or becomes disabled will be waived until the certificate anniversary nearest the junior's 21st birthday.

Should Train Juniors in Ritualistic Work: Hadley

Junior members must be trained to carry on the fraternal ritualistic work, S. H. Hadley, president Protected Home Circle, stated in an article disseminated by the National Fraternal Congress in its public relations program. This is one of the chief problems of fraternal societies, he said. If the juniors are inclined to carry on this work it will be only because the adults make it of sufficient interest to attract them and make them want to do it.

A half century ago a large majority of members of any fraternal society would attend the lodge meetings, husband and wife going together as organizations were formed to admit both men and women. Fewer people attend the lodge meetings now, the result being a falling off in the real spirit of fraternalism. Mr. Hadley said fraternal society

officials felt when the juvenile movement was started some years ago this was the salvation of the societies, but he questioned whether this alone was true.

"Do we really value our juniors as we should?" he asked. "I question whether we are patient enough and whether we endeavor to find the time to train our boys and girls in the lodge work that their fathers, mothers, grandfathers and grandmothers did many years ago."

He suggested making more of a ceremony of the graduation into the adult membership as the Protected Home Circle started to do last fall when pictures were taken of the graduating class just as the senior class of a high school is publicized. This society had a commencement night with N. J. Williams, president Equitable Reserve, as the speaker; a procession in cap and gown, class valedictorian and exercises.

Homesteaders on 3% Basis

Homesteaders Life has changed its interest assumption in the policies from

4 percent to 3 percent, applicable to all new business written after Feb. 1. This results in increased premium rates and also higher surrender values. Attractive new policy forms were prepared and the new rate book has gone out to the field. A funeral benefit policy is being offered under which the whole family can be protected in one contract. Double indemnity for accidental death may be added for slight extra cost.

Fraternal Week Symbol Has Special Appeal for Juniors

It is expected that the 1941 National Fraternal Life Insurance Week campaign, May 5-10, will have an especial appeal in developing juvenile department business. The story behind the Liberty Bell, which is used in the promotional material, provides a stirring patriotic theme for special gatherings. Miniature Liberty Bells are available from campaign headquarters to be used

A \$90,000,000

Society



Entering upon its fiftyninth year, looks confidently to an ever-widening spread of fraternal life insurance service to the people of America in the years ahead.

1883

\$620,000,000
paid in benefits

1941

58
YEARS OF
SERVICE

MODERN WOODMEN OF AMERICA

HEAD OFFICE

ROCK ISLAND, ILLINOIS



A GREAT FRATERNAL

WITH

A GREAT RECORD

Aid Association for LUTHERANS

The largest legal reserve life insurance organization exclusively for Synodical Conference Lutherans.

APPLETON, WISCONSIN

THE WOMEN'S BENEFIT ASSOCIATION

Founded 1892

A Legal Reserve Fraternal Benefit Society

Bina West Miller
Supreme President

Frances D. Partridge
Supreme Secretary

Port Huron, Michigan

in prospecting and in general publicity.

Thousands of the striking three-color posters will be distributed in public places and in lodge halls by the societies. Using the special stickers on all mail which is sent out during April will give the observance widespread publicity. Complete samples of all the promotional material along with plans for a business getting campaign are now available from National Fraternal Week, Room 230, 440 South Dearborn street, Chicago.

Brochure Commemorates Fidelity Life's 45th Year

Fidelity Life of Fulton, Ill., has published a most attractive brochure commemorating its 45th anniversary celebration and open house held recently. It is handsomely illustrated and is a fine example of the arts of layout and typography. The work was done by Harold Allen, editor. Illustrations present Walter C. Below, president; Frank W. Hough, secretary, A. R. Colvin, general sales manager; C. E. Ward, superintendent of investments; R. D. Taylor, consulting actuary; a large picture of the officers and board in session, a map of the territory covered including Ohio, Michigan, Indiana, Wisconsin, Minnesota, Iowa, Missouri, Nebraska, Kansas and Texas as well as the home state, and portraits and brief sketches of the founders.

AGENCY NEWS

Celebrates 20th Year as Conn. Mut. General Agent

KANSAS CITY—Herley Daily will celebrate his 20th anniversary as general agent for the Connecticut Mutual Life, April 1. The agency force is conducting a special campaign, called "Daily Days." Oscar Gladstone and S. C. Wright are co-chairmen of the celebration. The campaign will extend through March with a dinner April 1 for Mr. and Mrs. Daily.

Mr. Daily has twice been president of the Life Underwriters Association. One of the organizers of the General Agents & Managers Association, he was its president in 1938. The agency's second best year was in 1940 when it paid for \$1,010,000 of insurance. It has put \$15,000,000 on the books since 1921.

Honor Scott and Lynn

KANSAS CITY—J. C. Behan, vice-president Massachusetts Mutual Life, was host at a luncheon honoring the new firm of Scott & Lynn, general agents for the company here. Leaders in business and civic affairs were present, to pay their respects to Charles L. Scott, general agent here 35 years, and to welcome Arthur D. Lynn, new partner in the agency. Mr. Lynn has been assist-

Royal League Fund Is to Provide Free Eyeglasses

Royal League of Chicago has established a "Junior Welfare Fund" which will provide an eye health service, furnishing glasses, if needed, to all children who are members of the junior department. This is contingent upon the parent or guardian being unable to pay for the optical tests and glasses. Competent qualified oculists will make the tests in various cities.

The fund will be administered, it was explained by Fred A. Johnson, vice-chairman and general organizer, by the managing committee, with Mrs. Vivian Watkins, editor, as director.

Started Six Years Ago

Royal League about six years ago started raising money for the fund through voluntary contributions and money raising affairs. The fund has grown to over \$6,800, of this amount \$5,900 being raised by the Illinois advisory council of Royal League, the state organization.

ant agency director at the home office. Previously he was general agent at Wichita.

Attending the luncheon were these general agents: Richard Hutton, Tulsa; Morris D. McCready, Wichita; Lyle Cutler, Topeka, and Anthony E. Veith, St. Louis.

Speaking briefly were Paul C. French, president Missouri Life Underwriters' Association; Leon Fink, president Kansas City association; John Miller, president Kansas City General Agents & Managers Association; H. A. Hedges, trustee National Association of Life Underwriters, and W. E. Bixby, president Kansas City Life.

Cliff C. Jones of R. B. Jones & Sons spoke.

A party was given by officials of local companies for Mr. Behan, Mr. Scott and Mr. Lynn. Hosts were President W. T. Grant, Business Men's Assurance, Mr. Bixby, President Ralph Jones, National Fidelity; President Fielding P. Sizer, Jr., American Savings Life; Vice-president Oliver Thornton, Midland Life.

Fern Ahead for 1941

The Fred S. Fern agency of the National Life of Vermont, in Newark, reports favorable increases in business for 1941. This agency, still in its first year under Mr. Fern's management, has paid for 55 percent of its 1941 allotment.

No Minn. Tax on Annuities

ST. PAUL—In answer to an inquiry by former Commissioner Yetka, Assistant Attorney-General Devitt has advised Commissioner Johnson that annuity contracts are not subject to the 2 percent premium tax.

Just the thing to convince hard boiled prospects—"24 Men in 24 Years," 8 booklets \$1 from National Underwriter.

Conventions

March 14—Life Advertisers Association, eastern group, New York, Pennsylvania Hotel.

March 15—Central Ohio Sales Congress, Columbus.

March 20, Detroit sales congress.

March 20—Birmingham sales congress.

March 21—Montgomery, Ala., sales congress.

March 21—Connecticut sales congress, New Haven, Conn.

March 22—New England sales congress, Boston.

March 22—Mobile, Ala., sales congress.

March 25—Wisconsin Sales Congress, Lorraine Hotel, Madison.

March 27-29—National Association of Life Underwriters (Mid Year), Wichita, Lassen Hotel.

April 18—Illinois Association of Life Underwriters, Chicago.

April 19—Chicago sales congress.

April 24-25—Ins. Accounting & Statistical Association, Chicago, Edgewater Beach Hotel.

April 28-May 1—U. S. Chamber of Commerce, Washington, D. C.

May 1-2—Life Office Management Association, New York.

May 2-3—Sales congress, Des Moines.

May 8-9—Ohio sales congress, Akron.

May 9—Washington, D. C., sales congress.

May 9—Tennessee sales congress, Chattanooga.

May 28-30—Industrial Insurers Conference, Richmond.

May 29-30—Canadian Life Officers Association, Toronto, Royal York Hotel.

June 2-4—Home Office Life Underwriters, Toronto.

June 3-4—Pennsylvania Insurance Days, Bethlehem. Bethlehem Hotel.

June 3-5—Health & Accident Underwriters Conference, Chicago, Edgewater Beach Hotel.

June 5-6—Wisconsin Association of Life Underwriters, Eau Claire.

June 6-7—Iowa Association of Life Underwriters, Cedar Rapids.

June 9-11—National Association of Insurance Commissioners, Detroit, Statler Hotel.

June 23-25—National A. & H. Association, Los Angeles.

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Established in 1845 by David Parks Fackler
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Lee J. Wolfe
William M. Corcoran
Joseph Linder
116 John Street, New York, N. Y.

PENNSYLVANIA

FRANK M. SPEAKMAN

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THE BOURSE PHILADELPHIA

THE HOME LIFE INSURANCE COMPANY OF AMERICA

PROTECTS THE ENTIRE FAMILY

Home Life agents are equipped to serve every need for life insurance. Modern policies are issued, on both Industrial and Ordinary plans, from birth to 64 next birthday.

A POLICY FOR EVERY PURSE AND PURPOSE

Basil S. Walsh
PRESIDENT
Independence Square

Bernard L. Connor
SECRETARY

Charles T. Chase
TREASURER
Philadelphia, Penna.



COMMONWEALTH LIFE EXPANSION PROGRAM OFFERS BETTER INCOME POSSIBILITIES

COMMONWEALTH LIFE has gained popularity with its hundreds of thousands of policy-holders through real service. With this background and its intensified development of its territory the campaign offers attractive opportunities to capable salesmen. Policies are issued from birth to the age of 70. Write

WALTER S. SCHNEITER,
Secretary of Agencies

Commonwealth Life
INSURANCE COMPANY
HOME OFFICE - LOUISVILLE, KY.

Sales Ideas and Suggestions

Take Risk of Seeming Absurd Through Emotional Appeal!

Gifford T. Vermillion, manager of Mutual Life, in addressing the Saturday morning forum sponsored by the Chicago Association of Life Underwriters, developed a compelling analogy between life insurance selling and acting. For one thing, he observed that both the actor and the agent in order to be successful, must forget themselves.

He said that the stage has been used for selling ideas and ideals through the emotions of the audience. Opinions, he remarked, are based on reason whereas actions are inspired by emotion. He pointed out that in selling an idea through the medium of the stage, there is always a villain as well as a hero. Likewise, in life insurance selling there should be a villain, so to say. The agent should allow the prospect to feel that the question is not merely whether he wants life insurance, but he should be made to realize that he can't say no to life insurance without at the same time saying yes to uninsurance.

Spirit Behind the Words

An agent must have his own emotions stirred in order to transmit the appeal to the prospect. It is the spirit behind the words that makes sales.

Men, he observed, are jealous of their finer feelings and hesitate to give vent to them in the presence of those whom they think do not understand them. In the theatre, for instance, the audience sits in darkness. People guard their emotions from the public eye. Hence, agents too frequently sidestep the emotional appeal. They sell to pay inheritance taxes instead of to leave an inheritance.

In order to be sublime, a man must run the risk of appearing ridiculous. It is the fear of appearing ridiculous that keeps agents from selling insurance by stirring the emotions of the prospect. An audience of a thousand is no different from an audience of one, he declared.

In every sale, there is a motive to buy and when the agent discovers that motive he is approaching the close. The gathering of factual information is of little value unless the agent also learns the prospect's buying philosophy. When the buying motive becomes known, then it is time to shift to the close. That motive may be ambition, profit, selfishness, duty, love. They are all incitements that move men to action.

Mr. Vermillion also spoke of the technique of creating motivation by developing in the mind of the prospect a sense of dissatisfaction with his present amount of insurance. He closed by an appeal for the agents to get back to protection selling.

Ray Smith Is Heard

Raymond Smith of Chicago, resident vice-president of the A. M. Best Company, was the first speaker. He gave a careful treatise on the work of analyzing insurance company statements. In referring to the new gain and loss exhibit, he said that it goes to the fundamentals of the business and avoids unreliable comparisons. A truer comparison of mortality experience than the ratio of actual to expected is the ratio of deaths to net reserves, he stated.

If the recommendations of the Guertin committee for making possible the separation of tables used in computing rates and reserves are put into effect, the old gain and loss exhibit would be completely outmoded anyway.

Mr. Smith observed that there will never be any simple answer in analyzing the complicated structure of an insur-

ance company.

He condemned the two or three states that prohibit publication of examination reports on companies.

Levering Cartwright of THE NATIONAL UNDERWRITER also spoke.

E. B. Thurman, general agent for New England Mutual, presided at the meeting. Attendance at these gatherings runs from about 600 to 800.

Last Saturday the crowd gave a hand to George Grimm, special agent of Northwestern Mutual Life, as that was his natal day. He was responsible for signing up the speakers for the series.

Questions that have to do with probate courts will be answered this Saturday before the Chicago forum. Attorney David J. A. Hayes will talk on "What Life Underwriters Should Know About Probate Courts." Following his address he will conduct a true or false quiz. A panel discussion on four phases of package selling will be conducted by

George A. Doelle, Phoenix Mutual Life, on "Retirement Income," Paul A. Hazard, Jr., Home Life of New York, on "Clean-up Fund"; Charles L. Kluss, Edwin Shields Hewitt & Associates, on "Educational Fund"; and Richard Rashman, Reno agency Equitable Society on "Mortgage."

George Gruendel, Vermillion agency of Mutual Life, will preside.

Reaches New Prospects

John V. Coe, agent for Massachusetts Mutual at Wichita, has given special attention to young men coming from towns, farms, and other cities to Wichita for employment or training in defense activities. In many cases he has helped them get started on insurance programs. One reason for their lack of insurance has been that no one had presented the subject to them. Most of them buy, usually in small amounts of \$1,000, \$1,500, \$2,500, and a majority make their mothers beneficiaries. It seems that Mr. Coe's ability to bring them into the position of buyers is attributable to the fact that he tries carefully to understand their situations, working out for each a schedule that he can undertake in view of his present circumstances.

AGENCY MANAGEMENT

Losing Men No Worry If Know How to Hire, Hoyer States

DETROIT—When you lose an agent in the draft or to another agency, don't worry about it, even though his production is \$800,000; there will always be someone else to step into his shoes, R. W. Hoyer, general agent John Hancock Mutual Life, Columbus, and president of the Ohio Association of Life Underwriters, told the Associated Life General Agents & Managers of Detroit, talking on "Management's Job in 1941." He was introduced by C. A. Macauley, veteran state agent of the same company. Donald Machum, Manufacturers Life, presided.

He lost three of his leading producers in one year, men who became general agents either for his own company or for others, yet the agency pace never faltered. Finding the right men to add to the agency is more important today than ever before, he declared.

The type of men to find are those with a burning desire to get ahead in life, men who will not need to be nursed by the supervisory staff in order to keep up production once they get started. Supervisory work costs life agencies far too much because most agencies have men in them who have to be coaxed into production. Again, too many general agents rely far too much on their supervisors and are apt to sit back and take it easy if the supervisory staff is efficient.

Where to Find Men

On the question of where to find such men, Mr. Hoyer said his method of recruiting is unorthodox when judged by the usual standards, but has worked out very well for him. He makes use of the cold canvass method of obtaining agents. He avoids the chamber of commerce, the pastors, the bankers and the usual centers of influence for recruiting. He starts at one end of the main business street of the town he is working for recruits, and calls at every business office and store on the street seeking material.

He wants men who are successful at their present occupations, but who are

ambitious to get into some line that will offer them a better outlet for their talents. He has been successful with college leaders. Here he seeks the man who has been a leader in college activities, editors or business managers of the college paper or successful in other competitive effort.

One of his agency leaders today came to his attention when he won a free trip to Europe by selling the most college yearbooks in his freshman year. Mr. Hoyer watched him and persuaded him to join when his schooling was over. Today that man is the agency leader in production.

Many good men have been added to the agency who never went to college, too, he asserted, but these men must have the same qualities. They must be leaders in their own sphere of activity, be good mixers, have pleasing personality and like people. They must be men with lots of friends. If not, he forgets them at once.

Use Care in Hiring

Never take a man on the first interview, he warned. He gives aptitude, I. Q. and dominance tests to prospective agents, but does not depend entirely on them. He talks to the prospective agent on life insurance as a career, sells him the job, tells him what is expected of him, tells him that the profession requires both study and practice just as medicine or law do. He explains that the reason he has so many large producers on his staff is that he seeks career men only. He expects his men to take a post-graduate course lasting from one to two years, that they must continue to study after they get into production. If they are not willing to do this, he drops them at once.

Life insurance means hard work and long hours, at least during the earlier years. The business is a challenge every minute. In his portfolio he carries the pictures of good producers and with each he brackets a failure. He goes over the book with the prospective agent, tells

him about the successes and why they are successes, and at the same time shows him the pictures of the failures and explains why they failed. He introduces the prospective agent to his agents. If the latter do not take to him, the prospect is dropped at once. He never paints a glowing picture but points out all of the stumbling blocks and shows him the price he must pay for success.

Sales Manager's Job

Mr. Hoyer considers himself a sales manager rather than an office manager. He leaves the book work and office management to others and spends his full time on the sales end of the business. His supervisors never leave a new man until he has made a sale, no matter how long it takes. The only thing he worries about in connection with the agency is whether every man is making a living. He doesn't worry for a minute whether the agency is making money; an adding machine and a few minutes' time at the end of the year will show this.

He visits with office underwriters every day and with his agents scattered through his territory every few days. Between visits to outstate agents, he telephones them at frequent intervals, and if the wife answers the phone he is just as well pleased. It gives him an opportunity to visit with her, to throw out a remark or two that tends to build up the husband and praise him for what he is doing. The result is that the wives of his agents do the motivating for large production. He takes every opportunity to build up an agent with a policyholder.

Pittsburgh Supervisors Hear Hays

The Pittsburgh Supervisors Club met Thursday. W. E. Hays, director of agencies New England Mutual, spoke on "The Supervisor's Proper Place in the Agency System."

Hoyer Is Pittsburgh Speaker

The Agencies Committee of Pittsburgh met Friday. Ralph W. Hoyer, John Hancock Mutual Life, Columbus, O., and president of the Ohio Association of Life Underwriters, spoke on "A Solution to Management Problems."

Legislation Is Boston Topic

Legislation affecting Massachusetts life insurance interests was discussed at a special meeting of the General Agents & Life Managers Association of Boston.

Stress National Defense Theme

The Equitable Life of Iowa has tied up its 21st successive President's month campaign, honoring President F. W. Hubbell, with the national defense theme. The campaign urges the agents to add additional impetus to the national defense program by Building Bulwarks of Security. The 1941 campaign which started March 1 is given a serious note through urging field men to demonstrate that one of most important factors in national morale is an independent people, "and life insurance is a certain means of creating such independence."

Bernhard to Larger Quarters

Ray S. Bernhard, general agent of Old Line Life in Chicago, is moving into larger quarters at 208 South La Salle Street, Suites 935 and 937.

Although with Old Line only six months, Bernhard is already qualified to attend its 1941 convention. He is regarded as an authority on estate taxes, programming and business insurance, and is the author of a reference work on these subjects.

S. T. Pikes Gives His Program for Insurance

(CONTINUED FROM PAGE 15)

violate state policy. He said that since the states are unable to protect themselves against these violations and since the federal government has been given responsibility for interstate commerce and the states had surrendered their sovereignty in this respect, he thought the federal government should give this protection. Pike expressed gratification at Sumners' offer.

Pike was the only person to appear before the committee, though Gerhard Gesell, special counsel of the insurance study, was on hand and answered a few factual questions put by the committee.

Parkinson Comment

The life insurance companies, in the eyes of the two members of the SEC who made the report on life insurance to the TNEC, apparently have committed the economic "crime" of being conservative in their investment of policyholders' funds instead of risking them in new and venturesome enterprises, Thomas I. Parkinson, president of Equitable Society, declared in commenting on the report.

"In reality the SEC report pays a fine tribute to the methods and men responsible for the progress of American life insurance by charging them with having made 'too safe' investments," Mr. Parkinson stated. "The funds providing security for America's families are a sacred trust and safety must always be the paramount consideration."

New and Unproven Enterprises

"Life insurance funds were never intended to be risked in new and unproven enterprises. Do the two authors of the SEC report imagine that the life insurance companies could have come through the depression with the outstanding safety record that they did if they had followed the theories now propounded by these two members of the SEC?"

"Actually the assets of companies are actively at work in every state, helping to finance industry and small business, agriculture, home building, railroads and the needs of government, while they earn interest for the nation's 65,000,000 policyholders."

"Life insurance has been a tremendous stabilizing force in the economic life of the nation, the companies paying out \$29,000,000,000 to policyholders and beneficiaries in the 11 years since 1929 during the worst period of business depression the country has experienced. The assets of the companies, meanwhile, have been invested in productive enterprises throughout the nation. The life insurance companies in 1940, for instance, made investments of more than \$3,500,000,000, an average of nearly \$10,000,000 a day. Of this total, \$1,500,000,000 represented new funds received by the companies and \$2,000,000,000 represented the reinvestment of funds received from former investments. During 1940 this total was \$440,000,000 greater than in 1939."

"Owners of homes, farms and other real estate, received an average of \$2,000,000 a day in financing aid from life insurance last year, a total of approximately \$750,000,000."

"As to small business, Equitable Society itself had \$55,273,000 invested in small business enterprises in 42 states from coast to coast, the average loan being for \$73,500, at the end of 1940."

"Life insurance funds over the years have followed the needs of the nation for capital funds. When railroads were expanding to unify our geography, their bonds became a principal investment for life insurance funds. When public utilities were developing to bring the conveniences of modern living, life insurance funds began to supply an important part of the needed capital. Today with

industry expanding not only in those fields directly providing the materials of national defense, but also in every field affected by the demands of defense, life insurance funds will be an important source of the capital needed to energize industry and accelerate production."

"If a referendum vote were taken among Equitable policyholders, the ayes in favor of a safe rather than a risk investment policy would prevail by more than 99 percent and after all it is the policyholders' money that we are investing."

"PM" GOES TO TOWN

The New York daily newspaper "PM" gave the SEC life insurance report prominent and extensive treatment. On its front page it carried the headline, "What's Wrong with Insurance? Here are the answers from an SEC report: The Money Goes to Big Business . . . The Poor Man Gets Stung . . . The Policyholder Puts—But Rarely Takes . . . The Price is Jacked Up . . . Company Officials Work Both Sides of the Street."

Then on the inside are seven pages of stories, pictures and graphs. For the most part what was played up was material that was developed months ago during the course of the TNEC hearings, publicized at that time, and that was gathered together in the SEC monograph. The material was handled with hostile touch and then in a box "PM" proceeds to taunt the other New York newspapers for having failed to give equally prominent display to the monograph.

"News is scarcely a standardized commodity," states "PM." "On any day your news is likely to be what your paper considers news, but seldom do the New York papers get as far apart on a significant news story as they did today on the report of the SEC staff on insurance business practices and abuses."

Taunts Its Newspaper Rivals

"We rank this as one of the most important economic stories in years, important to average Americans; we are covering it completely, giving it seven pages."

"The 'Herald-Tribune' was the only one of the four big morning papers to give the story front page space, with a half-column on page 1, jumping to page 14. The 'Tribune' printed another column and a quarter, about half of this space given over to retorts from insurance sources."

"The 'Times' came up with a lead which was even more dead-pan and sequestered the story on page 29, in the financial section. It ran a column and a half."

"Hearst's 'Daily Mirror' which boasts it is the only paper in New York which has all three important news services—UP, AP and INS—apparently didn't get any copy on this matter from any one of them, which interested editors even mildly. We couldn't find a line on the story in the final edition."

"The 'Daily News' also passed the story up cold. Its Washington staff may have been exhausted whipping up three columns on the Wheeler-Nye attack on the lend-lease bill."

"PM" has been serializing the report in sensational, crusading fashion. "PM" was understood to have got rid of the most radical of its leftist sympathizers when Marshall Field saved the paper by buying out his fellow shareholders for a fraction of their investment. However, the paper is still intensely pro-new deal. Its present policy seems to be to build itself up by sensational crusades. In the same issue with Monday's installment on the SEC report there is a full page feature story on Morris H. Siegel, whom the front page caption describes as the "radio insurance counselor who steered the TNEC inquiry." Another installment appeared Tuesday.

NEBRASKA DIRECTOR'S COMMENTS

LINCOLN, NEB.—In an address to the state association of farm mutual

companies, Insurance Director Fraizer took issue with some of the statements made by Sumner T. Pike, member of the Securities & Exchange Commission. Mr. Fraizer said he agrees with Mr. Pike that insurance departments in many states are not what they should be, and that salaries for executives and examiners should be such as to attract men of ability, with less of politics in appointments.

TNEC seems to be critical of many insurance companies, he said, for the sole reason that they are large. That reasoning is unsound, he declared. It is said that the large companies control too much money, and, therefore, have too much economic power. After all, these companies are headed by skilled and experienced men who are specialists in their field, while the national government has tremendous powers in matters of finance and otherwise and yet for the most part administration is by persons selected on a political basis.

Beneficiary Has Right to Repay Loan When Assured Dies During Election Period

The Illinois supreme court has rendered an opinion that the right to select an option under the non-forfeiture provision survives to the beneficiary when the assured dies before the termination of the three months period during which he has the right to make such an election of options and had not exercised that right when he died. The case was Schmidt vs. Equitable Society.

Edward C. Schmidt was the insured. Premiums under three policies, each for \$5,271, were due Aug. 13, 1932, and were not paid. He died Sept. 16, which was after the expiration of the grace period but within the three months period to select an option. On Aug. 13, the gross surrender value of each policy was \$906.24, leaving a net surrender value of \$1.48 for each policy. This net amount would purchase extended term insurance under Option C for four and a fraction days. If there had been no loans against the policies the surrender value would have purchased extended term insurance for a term far beyond the date of the insured's death.

Equitable Society contended that the extended term insurance was effective from the date of the lapse and expired before the end of the grace period and that there was no insurance in force at the time of Schmidt's death. The beneficiary argued that the insured, for three months after the date of the lapse, has a right to pay the indebtedness and select the option he desires and that where death occurs during the three months option period, the right of selection inures to the beneficiary but it is not necessary for the beneficiary to go through the formality of an election or to repay the indebtedness. Instead, it is contended the indebtedness can be deducted from the face of the policy and that Equitable Society had no right to apply the cash value to purchase extended insurance until the three months option period had expired.

Exemption of \$40,000 Is Denied on the \$110 Contract

(CONTINUED FROM PAGE 11)

tract. However, it is pointed out, if a wealthy person wants to buy larger amounts of this contract over a shorter period, he may do so and make a gift of the contract to others, and yet make his estate liable to pay only two-thirds of the estate tax, since that is the tax on gifts over the \$5,000 sum permitted to be given annually.

It is pointed out that it is desirable in a day of steadily increasing tax rates and an indeterminate future to put a limit on the tax that must be paid. A wealthy person can do this by means of a single premium life-annuity combi-

nation purchased as a gift for others since he will pay the gift tax which is applicable now instead of his estate having to pay the estate tax that would apply at some indeterminate time in the future.

This contract is sold now by only a few companies although 15 years ago or so it was very popular. It was pushed hard then by the Sun Life of Canada which since has discontinued it entirely.

Other companies reported still to be writing it are: On nonmedical as well as medical basis—Business Men's Assurance, Prudential, Manufacturers Life of Canada; on medical basis only—Aetna Life, Equitable Life of Iowa, Equitable Society, Great West Life, Travelers, Lincoln National, Columbus Mutual, Minnesota Mutual, and possibly some others.

Nonmedical Is the Issue

It is apparent, life men comment, that the court decision applies especially to this contract when issued nonmedically. On that basis it had great appeal to aged wealthy persons or those who were uninsurable. There being scarcely any life insurance risk involved, companies wrote this contract quite freely, until about three years ago, when many discontinued, largely to avoid adding to their investment problems by the large cash receipts on these contracts.

Life men believe the court may have taken it as presumptive in the cases at bar that there was contemplation of death since the women were uninsurable on any other basis. Since the court found no risk to the companies involved in the life insurance portion, it could find no logical reasoning to justify their buying the life insurance portion except to secure tax exemption on the large single premium involved, therefore it is believed to have construed the whole transaction as a means of tax evasion.

The combination contract largely has been written in two separate contracts, as is done now on medical basis by many companies. The medical form, however, does not have the special appeal of the nonmedical.

Agents are concerned who have placed in force for their clients contracts of this type, for the decision challenges the soundness of their professional advice. However, it is pointed out, the tax situation is not static. The agent cannot "freeze" a situation for his clients. He can only counsel to the best of his ability on the basis of the present internal revenue act and interpretations. Subsequent law changes or interpretations and court decisions may defeat the purposes aimed at by the contracts, especially since the government policy now is to collect all tax possible and close the avenues of tax avoidance or evasion.

Prudential Home Office Promotions

The Prudential has announced a number of home office promotions. A. P. Hubschmitt and William Chorocoff became assistant comptrollers; Donald Cruse, associate general solicitor; Eugene B. Campbell, assistant supervisor; George Myron, examiner of accounts.

Honor A. B. Olson

OMAHA—Agents of Guarantee Mutual Life are honoring Agency Vice-President A. B. Olson during March with "Olson's Orange Month" campaign. Mr. and Mrs. Olson are in Florida for Mrs. Olson's health. "Mr. Olson is known in Omaha as 'The Orange King of Omaha' because of the orange tree in his home which bears fruit. Each \$1,000 application in March rates an "orange" credit on a "tree" in the agency department.

THAT'S WHERE TO STAY IN ST. LOUIS

HOTEL Mayfair

DOWNTOWN - REAL FOOD AND SERVICE - NEARBY PARKING - PRIVATE BATH - RADIO RECEPTION



TO THE KEEPER OF THE BUDGET

To the keeper of the budget, "joy" is an income of a dollar and an outgo of ninety cents, while "gloom" is an income of a dollar and an outgo of a dollar and ten cents. The saving of a surplus, however small, is the first step toward economic success. Saving through life insurance in a company such as the Massachusetts Mutual is simply buying a greater future good by a smaller present sacrifice.

Massachusetts Mutual
LIFE INSURANCE COMPANY
 Springfield, Massachusetts
 Bertrand J. Perry, President

NOW IN OUR 75th YEAR

A milestone at which we are grateful for the steadfast confidence and good will that mark day-by-day relations between policyholders, field force and home office staff.

An anniversary in which we are striving to be worthy of continued leadership as one of America's oldest and strongest life insurance companies.



EQUITABLE
LIFE of IOWA
 HOME OFFICE • DES MOINES

JEFFERSON STANDARD

The Quality-Minded Company

- ➔ Quality Selection
- ➔ Quality Training
- ➔ Quality Merchandising
- ➔ Quality Business

➔ AGGRESSIVE
and PROGRESSIVE

JEFFERSON STANDARD LIFE INSURANCE CO.
 JULIAN PRICE, President GREENSBORO, N. C.



Outstanding Administration

The Institution of Life Insurance was founded on the principle that theirs is the administration of a public trust—that funds entrusted to them must be held inviolate.

As a result of their stewardship of that trust, American families received on an average the amount of \$7,397,000.00 each day during the year of 1940.

Total insurance in force increased more than \$4,000,000,000.00, or a total in force at the end of 1940 of \$117,500,000,000.00.

Assets back of the Life Insurance policies passed \$30,000,000,000.00 in 1940, the combined "Security Deposits" of nearly 65,000,000 thrifty Americans.

The Friendly Company has kept pace with this progress and each year has increased her assets, her insurance in force, her service to policyholders and field men. Check her records. You will find it pays to be friendly with

PEOPLES LIFE INSURANCE CO.
 "The Friendly Company"
 FRANKFORT INDIANA

WHAT HAPPENED IN 1940

TO THE *Equitable Premium Dollar*

To Each
\$1.00 of
Premium
Income



There was added as earnings
on the Society's investments 27¢

Making a total income
for the year of \$1.27

THIS \$1.27 WAS USED AS FOLLOWS:



Benefit payments to widows and children,
to educate sons and daughters, to provide
carefree old age, etc., total 49¢



Set aside as reserve
funds to meet future
benefit payments 49¢



Operating expenses
and insurance taxes
required 11¢



Added to contin-
gency reserves
and surplus 5¢



Policyholders received
as dividends the re-
maining 13¢

✓ The items checked, totaling \$1.11, went for the
direct benefit of policyholders and beneficiaries.

With the aid of a gnome-like figure, Equitable Society of the United States tells its policyholders graphically what happened to the life insurance premium dollar in 1940, in its simplified annual statement.



Manager P. M. Haynes of the West Virginia Agency of Bankers Life of Iowa was presented with the 1940 Sweepstakes Cup at a dinner in Huntington by W. F. Winterble (left), director of agencies. To the right is E. P. Kern, Washington, D. C., eastern states assistant superintendent of agencies. The West Virginia Agency recorded the largest percentage gain in insurance in force in 1940.



New officers of the Fraternal Society Law Association elected at the annual meeting in Chicago (left to right)—Richard F. Allen, general counsel, Standard Life, Topeka, secretary (reelected); William C. Ewan, Kewanee, Ill., attorney and director Fidelity Life, president; Arthur J. Donovan, Chicago, general counsel Royal League, immediate past president; Alan W. Joslyn, Detroit, treasurer. J. W. Randall, Dallas, general attorney Praetorians, who was elected vice-president, was called away before the picture was taken.



Newly elected officers of the Illinois Fraternal Congress who were installed at the annual meeting held in Chicago (left to right)—William P. Schultz, Chicago, Illinois state manager Aid Association for Lutherans; Thomas R. Heaney, Chicago, secretary Catholic Order of Foresters, retiring president; Walter C. Below, president Fidelity Life, Fulton, Ill., new president; C. J. Del Vecchio, Chicago, secretary Royal League, reelected treasurer; Mrs. Antonina Czerniak, vice-president in charge of women's production Polish Roman Catholic Union, Chicago; Russell H. Matthias, Chicago, Lutheran Brotherhood, reelected secretary; Mrs. Mary E. Murphy, high chief ranger Women's Catholic Order of Foresters, Chicago; Foster F. Farrell, executive secretary-manager National Fraternal Congress, Chicago; Judge John F. Bicek of juvenile court, Chicago, installing officer; Harold A. Reise, Chicago, Italo-American National Union, and John P. Stock, Chicago, Illinois state manager Maccabees. All those, except Mr. Farrell, not shown as officers are executive committee members.



Du Bose & Associates, Milwaukee, leading agency Old Line Life of America in 1940, was tendered a victory banquet. H. R. Buckman of the agency led the company in personal paid volume and premium income last year.

Seated—Mr. and Mrs. W. R. Streeter; H. H. Zimmerman; Mr. and Mrs. A. H. Budahl; Vice-president J. H. Daggett; Miss Connell; Mr. and Mrs. E. L. Jung; Agency Director P. A. Parker; Mr. and Mrs. J. E. Clauder; Mr. and Mrs. F. S. Caravella; Mr. and Mrs. F. W.

DuBose; Mr. and Mrs. M. F. Ryan; and Mr. and Mrs. F. G. McNamara. Mr. Ryan is treasurer and Mr. McNamara, assistant agency director.

Standing—Mr. and Mrs. H. R. Buckman; Mr. and Mrs. Trettin; Mr. and Mrs. W. J. Moore; Mr. and Mrs. M. C. Wittenberg; Mr. and Mrs. Hyman Shurman; Mr. and Mrs. Max Wanner; Mr. and Mrs. J. Wanner; Mr. and Mrs. M. Shurman; R. Denniston; Mr. and Mrs. A. M. Olinger; Mrs. Sosnay; Mrs. Denniston. Mr. Moore is secretary.